

10

2

615-0169-5
PD AAC-705

AGENCY FOR INTERNATIONAL DEVELOPMENT
PROJECT IDENTIFICATION DOCUMENT FACESHEET
TO BE COMPLETED BY ORIGINATING OFFICE

1. TRANSACTION CODE
 C A = ADD
C = CHANGE
D = DELETE

PID *60*
2. DOCUMENT CODE
1

3. COUNTRY/ENTITY
Kenya

4. DOCUMENT REVISION NUMBER

5. PROJECT NUMBER (7 DIGITS)
 615-0169

6. BUREAU/OFFICE
A. SYMBOL AFR
B. CODE 6

7. PROJECT TITLE (MAXIMUM 40 CHARACTERS)
 Agriculture Sector Loan II

8. PROPOSED NEXT DOCUMENT
A. 2 = PRP
 3 = PP
B. DATE MM YY
Unknown

10. ESTIMATED COSTS (\$000 OR EQUIVALENT, \$1 =)

FUNDING SOURCE		BASE OF
A. AID APPROPRIATED		
B. OTHER U.S.	1.	
	2.	
C. HOST COUNTRY		
D. OTHER DONOR(S)		
TOTAL		

9. ESTIMATED FY OF AUTHORIZATION/OBLIGATION
a. INITIAL FY 7 8
b. FINAL FY 7 8

11. PROPOSED BUDGET AID APPROPRIATED FUNDS (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. FIRST FY		LIFE OF PROJECT	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	H. GRANT	I. LOAN
(1)							
(2)							
(3)							
(4)							
		TOTAL					

12. SECONDARY TECHNICAL CODES (maximum six codes of three positions each)

13. SPECIAL CONCERNS CODES (MAXIMUM SIX CODES OF FOUR POSITIONS EACH)

14. SECONDARY PURPOSE CODE

15. PROJECT GOAL (MAXIMUM 240 CHARACTERS)

16. PROJECT PURPOSE (MAXIMUM 480 CHARACTERS)

17. PLANNING RESOURCE REQUIREMENTS (staff/funds)

18. ORIGINATING OFFICE CLEARANCE

Signature: *Charles G. ...*

Title: Director, USAID/Kenya

Date Signed: MM DD YY
6 17 76

19. DATE DOCUMENT RECEIVED FOR AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

MM DD YY

PROJECT IDENTIFICATION DOCUMENT

AGRICULTURE SECTOR LOAN II ^{1/}

615-0169

I. Summary of Problem to be Addressed and Proposed Response

Agriculture is the dominant sector in the Kenyan economy, providing a livelihood for about 85 percent of the population, about 30 percent of GDP, and 60-to-70 percent of overseas commodity exports. In real terms, the sector grew at a respectable 4.7 percent during 1964-1973, exceeding the population growth rate of 3.0-to-3.4 percent during the period, and was projected to grow at an even faster rate (5.2 percent) during the 1974-1978 Development Plan period. Actual real sector growth overall in 1974 and 1975 was marginal due to poor weather conditions, the high cost of inputs, and low world prices although production of specific crops varied with the output of tea, maize and pyrethrum increasing in 1975 while that of coffee, wheat, sugar cane, livestock and livestock products, and sisal fell.

The GOK's Third Development Plan (1974-78) recognized the need for a change from the "cash crops for export" strategy followed during the first 10 years of independence and proposed a new strategy emphasizing increased production of food and export crops while raising incomes and the quality of life in rural areas, particularly of low income agriculture producers. This strategy was to be implemented chiefly by increased spending on agriculture.

Subsequent policy statements, in particular Sessional Paper No. 4, "On Economic Prospects and Policies" of May 1975, have reaffirmed this emphasis and included measures to accelerate its implementation. For example, the Sessional Paper recognized the need to reduce Plan projections for development expenditure in light of the prevailing economic situation, but within that reduction it proposed a 68 percent increase in agriculture spending over original Plan levels and an acceleration of the shift to give priority to rural roads construction and improvement.

Implementing the above strategy will be difficult as nearly all of Kenya's limited high and medium-potential agriculture land is already densely populated. Also, 80 percent of Kenya is classed as marginal and semi-arid and is principally suited for livestock production. These areas are chronically drought-prone and ecologically fragile

1/ This PID is a revision to that submitted in the FY 1977 Annual Budget Submission for Agriculture Sector Loan III.

and are increasingly subject to degradation and a heavy influx of migrants from the densely populated areas. Reaching these smallholders and stimulating or enabling them to raise low production/productivity levels requires special programs and reorientation of personnel working in the sector as well as additional resources.

The IBRD in its 1973 Agriculture Sector Survey - Kenya and its 1974 Basic Economic Report stressed the importance 1) of providing measures to increase rural incomes and employment and 2) of an integrated approach to smallholders combining research with effective farmer training and design of integrated delivery systems for credit and farm inputs.

The Kenya DAP and DAP Supplement also stressed the need for agriculture development to increase the incomes of low income producers, and agriculture was selected as the premier sector among the two areas of concentration chosen for AID assistance to Kenya. The sectoral constraints identified by the DAP Supplement as being most critical for achieving the GOK's equity goals were as follows:

1. Trained manpower.
2. Macro-economic policies.
3. Small producer access to agriculture institutions, services and infrastructure.
4. Research.

Both documents proposed a broadening of AID's agriculture assistance to include activities in food production and marginal/semi-arid lands development in addition to livestock. Over the last two years the Mission has moved ahead to follow through on these proposals with new projects having been approved for Kenya's first agriculture sector loan, which finances credit and the first ever program directed toward non-progressive smallholders, for rural planning assistance, and for a study (to begin shortly) of the agriculture potential of marginal and semi-arid lands; with revisions to the FY 1974 Livestock Loan, the closely related National Range-Ranch Development grant project and the Agriculture Credit project, and with work on two PP's now in various stages of finalization for assistance to Kenya's rural roads programs. Most of these new or revised efforts focus on the smallholder access constraint although some address that of trained manpower.

In addition to the above there are other AID efforts in train of significance to the sector: 1) A comprehensive study of agriculture credit in Kenya which is to begin in the IQ or early FY 1977; 2) continuing discussions with the Ministry of Agriculture regarding possible AID financing of in-depth studies of agriculture manpower, the Ministry's

in-service, pre-service and farmer training programs, agriculture research as it impacts upon the small farmer, and its extension services, and 3) discussions with the GOK to follow up on proposals made to the Secretary of State during his May visits to Kenya, which might include some future involvement in intermediate technology.

At this point in time ASL II might include a range of activities directed to one or more of the constraints listed above:

1. Follow-on assistance to Part C, ASL I to continue and expand the program which is now in its first planting season.
2. Additional funds for agriculture credit, depending in part on experience under ASL I and, more importantly, upon the results of the nine-months credit study, which is proposed to begin o/a July 1976.
3. Support for programs in agriculture training and research as a follow up to the studies now being discussed.
4. Efforts in intermediate technology.

However the proposed loan should evolve, the intended beneficiaries will be Kenya's small farmers and pastoralists. This group almost universally falls within the lowest income category and are among the 77 percent of total Kenyan households cited by the ILO/UNDP earning less than \$336 annually or about \$57 per person, using the 1969 census finding of an average family size of six.

II. Financial Requirements and Plans

The Mission is tentatively using a planning figure for this FY 1978 ASL of \$15 million with disbursements to occur over three years. The anticipated Government contribution can only be estimated now at the 25 percent required by the FAA. Information on other donor contributions, if any, as well as a statement as to whether the project will be self-perpetuating or not will have to await further refinement of the proposed plan.

III. Development of the Project

The USAID expects to utilize its own and REDSO staff in combination with consultants to develop, first, a PRP and, then, the PP. The basis for these efforts will be the studies and/or actual experience

cited above, depending upon the loan's content, and supplemented by whatever additional in-depth investigations may prove necessary. These non-AID manpower requirements can only be spelled out when more is known about the nature and scope of ASL II.

The date for submission of the PRP is at present unknown. Certainly, the necessary information on any of the four possible subject areas mentioned above will not be available in sufficient detail to meet AID/W's revised requirements for PRP's by the October 30 deadline for PRP submissions. (For example, the credit study will not be completed until o/a March 1977, assuming no slippage in the target start-up date of July 1976.) The Mission would anticipate submission of a PP in the fourth quarter of FY 1978.

IV. Issues of a Policy or Programmatic Nature

At this point no substantive issues can be identified. There is a procedural issue regarding the timing of submission of the PRP.

Country/Program KENYA

ONGOING GRANT PROJECT FOR THE ANNUAL BUDGET SUBMISSION

PROJECT NAME Vihiga Rural Development INITIAL OBLIGATION FY 72 DATE PROP/REVISION 4/75
 PROJECT NUMBER 615-11-810-147 FINAL OBLIGATION I.Q. DATE LAST PAR 6/11/76
 APPROPRIATION Food & Nutrition TOTAL COST \$1,732,000 DATE NEXT PAR -

U. S. DOLLAR COST (IN THOUSANDS)

	FY Obligations	FY Expenditures	Unliquidated as of:	FY 1977 and FY 1978 Obligations by Cost Component/MOI									
				Direct Aid		Contract		PASA		TOTAL			
				77	78	77	78	77	78	77	78		
Actual FY 1976	225	295	6/30/76 57	-	-	-	-	-	-	-	-	-	-
Estimated Interim Quarter	41	33	9/30/76 65	-	-	-	-	-	-	-	-	-	-
Estimated FY 1977	-	65	9/30/77 0	-	-	-	-	-	-	-	-	-	-
Proposed FY 1978	-	-	9/30/78 -	-	-	-	-	-	-	-	-	0	0
TOTAL												0	0

Contract/PASA Funding Periods

Name of Contractor	FY 1976 Obligations		Int. Qtr. Obligations		FY 1977 Obligations		FY 1978 Obligations	
	from	to	from	to	from	to	from	to
Development Alternatives Inc.	1/76	9/76	10/76	1/77	-----		-----	
Near East Foundation	9/75	1/77	-----		-----		-----	

On Board Personnel

	6/30	9/30	9/30	9/30
	1976	1976	1977	1978
Direct Hire	-----	-----	-----	-----
PASA	-----	-----	-----	-----
Contract	2	2	-----	-----
Participants	-----	-----	-----	-----
Short-Term	1	-----	-----	-----

6150169-⑥

PD-AAC-785

41p.

A.I.D. Project No. 615-0169

P R O J E C T A G R E E M E N T

Between The

R E P U B L I C O F K E N Y A

And The

U N I T E D S T A T E S O F A M E R I C A

Acting Through The

A G E N C Y F O R I N T E R N A T I O N A L D E V E L O P M E N T

A G R I C U L T U R A L S Y S T E M S S U P P O R T P R O J E C T

DATE: August 29, 1978

TABLE OF CONTENTS

P R O J E C T A G R E E M E N T

	<u>Page</u>
Article 1: The Agreement	1
Article 2: The Project	
SECTION 2.1. Definition of Project	1
SECTION 2.2. Amplified Project Description	1
SECTION 2.3. Incremental Nature of Project	2
Article 3: Financing	
SECTION 3.1. The Loan, The Grant	2
SECTION 3.2. Cooperating Country Resources for the Project	2
SECTION 3.3. Additional Financial Details	3
SECTION 3.4. Project Assistance Completion Date	3
Article 4: Loan Terms	
SECTION 4.1. Interest	3
SECTION 4.2. Repayment	4
SECTION 4.3. Application, Currency, and Place of Payment	4
SECTION 4.4. Prepayment	4
SECTION 4.5. Renegotiation of Terms	4
SECTION 4.6. Termination of Full Payment	5
Article 5: Conditions Precedent to Disbursement	
SECTION 5.1. Initial Conditions - Disbursement for Certain Studies	5
SECTION 5.2. Additional Conditions - Government Contracts	5
SECTION 5.3. Additional Conditions - Agricultural Support Manpower Systems	5
SECTION 5.4. Additional Conditions - Egerton College	6
SECTION 5.5. Additional Conditions - Range Research Support	6
SECTION 5.6. Additional Conditions - Agricultural Finance Corporation	7
SECTION 5.7. Notification	7
SECTION 5.8. Terminal Dates for Satisfying Conditions Precedent	7
Article 6: Special Covenants	
SECTION 6.1. Project Evaluation	8
SECTION 6.2. Submission of Plans and Documents - Various Project Components	8
SECTION 6.3. Housing	9
SECTION 6.4. Egerton College	9
SECTION 6.5. Range Research System Support	9

Table of Contents (Project Loan Agreement) (Cont'd)

Article 7: Procurement Source

SECTION 7.1. Foreign Exchange Costs	9
SECTION 7.2. Local Currency Costs	10

Article 8: Disbursements

SECTION 8.1. Disbursement for Foreign Exchange Costs	10
SECTION 8.2. Disbursement for Local Currency Costs	11
SECTION 8.3. Other Forms of Disbursement	11
SECTION 8.4. Rate of Exchange	12
SECTION 8.5. Date of Disbursement	12

Article 9: Miscellaneous

SECTION 9.1. Communications	12
SECTION 9.2. Representatives	13
SECTION 9.3. Standard Provisions Annex	13

AMPLIFIED PROJECT

DESCRIPTION

Annex 1

A. The Project	1
B. Project Components	1
C. Project Evaluation	4

Annex 2

Financial Plan and Procedures

TABLE OF CONTENTS

C O M B I N E D L O A N A N D G R A N T P R O J E C T
S T A N D A R D P R O V I S I O N S A N N E X (Annex 3)

	<u>Page</u>
Article A: Project Implementation Letters	1
Article B: General Covenants	1
SECTION B.1. Consultation	1
SECTION B.2. Execution of Project	1
SECTION B.3. Utilization of Goods and Services	2
SECTION B.4. Taxation	2
SECTION B.5. Reports, Records, Inspections, Audit	2
SECTION B.6. Completeness of Information	3
SECTION B.7. Other Payments	3
SECTION B.8. Information and Marking	3
Article C: Procurement Provisions	
SECTION C.1. Special Rules	3
SECTION C.2. Eligibility Date	3
SECTION C.3. Plans, Specifications, and Contracts	4
SECTION C.4. Reasonable Price	4
SECTION C.5. Notification to Potential Suppliers	4
SECTION C.6. Shipping	5
SECTION C.7. Insurance	5
SECTION C.8. U.S. Government-Owned Excess Property	6
Article D: Termination; Remedies	
SECTION D.1. Cancellation by the Government	6
SECTION D.2. Events of Default; Acceleration	6
SECTION D.3. Suspension	6
SECTION D.4. Cancellation by A.I.D.	7
SECTION D.5. Continued Effectiveness of Agreement	7
SECTION D.6. Refunds	7
SECTION D.7. Nonwaiver of Remedies	8
SECTION D.8. Assignment	8

PROJECT AGREEMENT dated the 29th day of August, 1978 between the REPUBLIC OF KENYA ("the Government") and the UNITED STATES OF AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D.").

A R T I C L E 1

The Agreement

The purpose of this Agreement is to set forth the understandings of the parties named above ("Parties") with respect to their respective undertakings concerning the Project described herein, and with respect to the financing of the Project by the Parties.

A R T I C L E 2

The Project

SECTION 2.1. Definition of Project. The Project will consist of five components designed to assist the Government to strengthen and support agricultural services available to the smallholder farmer in Kenya. These components are (1) Agricultural Manpower Systems Support - to increase the quantity and quality of trained agricultural manpower in Kenya through expansion of Egerton College; through study of possible expansion of the Faculty of Agriculture, University of Nairobi; through study of possible establishment of a Coastal Institute of Agriculture; and through a program of participant training; (2) Range Research System Support - to expand Kenya's existing range research program and to examine methods of improving utilization of range resources in Kenya; (3) Credit System Support - to examine and strengthen credit facilities available to the rural smallholder farmer; (4) Cooperative System Support - to examine existing selected support services offered to the smallholder through the cooperative system and to improve and expand such services by increasing the number of trained personnel; and (5) Storage and Marketing System Support - to examine crop storage systems and related institutions and to increase the number of personnel trained in storage and related operations.

SECTION 2.2. Amplified Project Description. The Project is more particularly described in Annex 1 hereto, which forms part of this Agreement. Within the limits of the definition of the Project in Section 2.1., elements of the Project description stated in Annex I may be changed by written agreement of the authorized representatives of the Parties named in Section 9.2., without formal amendment of this Agreement.

SECTION 2.3. Incremental Nature of Project.

(a) It is anticipated that A.I.D.'s total contribution to the Project will be provided in annual increments (allocations), with the initial such contributions being those identified in Section 3.1 of this Agreement. Subsequent increments (allocations) will be subject to availability of funds to A.I.D. for this purpose, and to the mutual agreement of the Parties, at the time of each subsequent increment, to proceed. It is further anticipated that (i) A.I.D.'s overall Loan contribution to the Project will total Twenty Three Million, Six Hundred Thousand United States Dollars (\$23,600,000) and (ii) A.I.D.'s Grant contribution to the Project will total Twenty Six Million, One Hundred Eighteen Thousand United States Dollars (\$26,118,000).

(b) Within the Project Assistance Completion Date as specified in Section 3.4 of this Agreement, A.I.D., based upon consultation with the Government, may specify in Project Implementation Letters appropriate time periods for the utilization of funds granted and/or loaned by A.I.D. under an individual increment of assistance.

A R T I C L E 3

Financing

SECTION 3.1. The Loan, The Grant. To assist the Government to meet the costs of carrying out the Project, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, hereby agrees to lend the Government under the terms of this Agreement a sum not to exceed Twenty Million, Two Hundred Thousand United States Dollars (\$20,200,000) ("Loan") and to grant the Government under the terms of this Agreement a sum not to exceed Three Million United States Dollars (\$3,000,000) ("Grant"). The aggregate amount of disbursements under the Loan is referred to as "Principal". The Loan and the Grant together are referred to as the "Assistance".

The Assistance may be used to finance foreign exchange costs, as defined in Section 7.1., and local currency costs, as defined in Section 7.2., of goods and services required for the Project described in Article 2.

SECTION 3.2. Cooperating Country Resources for the Project.

(a) The Government agrees to provide or cause to be provided for the Project all funds, in addition to the Assistance, and all other resources required to carry out the Project effectively and in a timely manner.

(b) The resources provided by the Government for the Project will be not less than 25 percent of the total Project costs, including costs borne on an "in-kind" basis. The Government contribution to the

Project is currently estimated to be the Kenyan Shilling equivalent of Eighteen Million, One Hundred Sixteen Thousand, Seven Hundred United States Dollars (\$18,116,700).

SECTION 3.3. Additional Financial Details. Annex 2 to this Agreement, which forms part hereof, provides (a) an allocation of each Party's contributions to the various components of the Project and (b) an identification, as to A.I.D.'s contribution, of the Loan and Grant allocations. Category (a) may be revised from time to time by mutual agreement, to be reflected in Project Implementation Letters. It is not contemplated that category (b) will be revised at any time.

SECTION 3.4. Project Assistance Completion Date.

(a) The "Project Assistance Completion Date" (PACD), is the day by which the Parties estimate that all services financed under the Assistance will have been performed and all goods financed under the Assistance will have been furnished for the Project as contemplated in this Agreement. The PACD for this Project is March 31, 1985, except as the Parties may otherwise agree.

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

(c) Requests for disbursement accompanied by necessary supporting documentation prescribed in Project Implementation Letters, are to be received by A.I.D. or any bank described in Section 8.1 no later than three (3) months following the PACD, or such other period as A.I.D. agrees to in writing. After such period, A.I.D., giving notice in writing to the Government, may at any time or times reduce the amount of the Assistance by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of said period.

A R T I C L E 4

Loan Terms

SECTION 4.1. Interest. The Government will pay to A.I.D. interest which will accrue at the rate of two percent (2%) per annum, on the disbursed balance of the Loan, for ten years following the date of the first disbursement of the Loan hereunder and at the rate of three percent (3%) per annum thereafter on the outstanding balance of Principal and on any due and unpaid interest. Interest on the outstanding balance will accrue from the date (as defined in Section 8.5) of each respective disbursement, and will be payable no later than six (6) months after the first disbursement of the Loan hereunder, on a date to be specified by A.I.D.

SECTION 4.2. Repayment. The Government will repay to A.I.D. the Principal within thirty (30) years from the date of the first disbursement of the Loan in forty-one (41) approximately equal semi-annual installments of Principal and interest. The first installment of Principal will be payable nine and one-half (9½) years after the date on which the first interest payment is due in accordance with Section 4.1. A.I.D. will provide the Government with an amortization schedule in accordance with this Section after the final disbursement under the Loan.

SECTION 4.3. Application, Currency, and Place of Payment. All payments of interest and Principal hereunder will be made in U.S. Dollars and will be applied first to the payment of interest due and then to the repayment of Principal. Except as A.I.D. may otherwise specify in writing, payments will be made to the Controller, Office of Financial Management, Agency for International Development, Washington, D.C. 20523, U.S.A., and will be deemed made when received by the Office of Financial Management.

SECTION 4.4. Prepayment. Upon payment of all interest and any refunds then due, the Government may prepay, without penalty, all or any part of the Principal. Unless A.I.D. otherwise agrees in writing, any such prepayment will be applied to the installments of Principal in the inverse order of their maturity.

SECTION 4.5. Renegotiation of Terms.

(a) The Government and A.I.D. agree to negotiate, at such time or times as either may request, an acceleration of the repayment of the Loan in the event that there is any significant and continuing improvement in the internal and external economic and financial position and prospects of Kenya, which enables the Government to repay the Loan on a shorter schedule.

(b) Any request by either Party to the other to so negotiate will be made pursuant to Section 9.1., and will give the name and address of the person or persons who will represent the requesting Party in such negotiations.

(c) Within thirty (30) days after delivery of a request to negotiate, the requested Party will communicate to the other, pursuant to Section 9.1., the name and address of the person or persons who will represent the requested Party in such negotiations.

(d) The representatives of the Parties will meet to carry on negotiations no later than thirty (30) days after delivery of the requested Party's communication under this Sub-section (c). The negotiations will take place at a location mutually agreed upon by the representatives of the Parties, provided that, in the absence of mutual agreement, the negotiations will take place at the office of the Government's Ministry of Finance and Planning in Kenya.

SECTION 4.6. Termination on Full Payment. Upon payment in full of the Principal and any accrued interest, this Agreement and all obligations of the Government and A.I.D. relating to the Loan provisions of this Agreement will cease. Except as stated more specifically elsewhere in this Agreement, with respect to any obligations arising out of the expenditure of Grant funds, this Agreement will remain in full force and effect until the PACD has been reached.

A R T I C L E 5

Conditions Precedent to Disbursement

SECTION 5.1. Initial Conditions - Disbursement for Certain Studies.

(a) Prior to any disbursement of the Assistance, or to the issuance by A.I.D. of documentation pursuant to which any disbursement will be made, the Government will, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(1) An opinion of the Attorney General that this Agreement has been duly authorized and/or ratified by, and executed on behalf of, the Government and that it constitutes a valid and legally binding obligation of the Government in accordance with its terms.

(2) A statement of the name of the person holding or acting in the office of the Government specified in Section 9.2., and of any additional representatives, together with a specimen signature of each person specified in such statement.

(b) Subject only to satisfaction of the requirements of Section 5.1.(a) above, the Assistance will be available to fund the following studies under direct A.I.D. contracts subject to procedures to be set forth in a Project Implementation Letter: (1) review of Kenya's farm level crop storage problems; (2) Cooperative Education Evaluation; (3) Cooperative Manpower and Training Study; and (4) Cooperative College Feasibility Study.

SECTION 5.2. Additional Condition - Government Contracts. Prior to any disbursement, or the issuance of any commitment document, for the purpose of financing under this Agreement any contract for technical, construction or other services to be entered into by the Government, A.I.D. will approve each such contract in writing. This requirement shall be satisfied separately for each such contract.

SECTION 5.3. Additional Condition - Agricultural Support Manpower Systems.

(a) Prior to any disbursement, or the issuance of any commitment documents under the Project Agreement to finance the Agricultural Manpower Systems Support component of the Project, the Government will submit in form and substance satisfactory to A.I.D. plans indicating

what actions it will undertake, and pursuant to what schedule, with regard to the American Technical Assistance Corporation (ATAC) Report entitled "Professional and Subprofessional Agricultural Manpower in Kenya", specifically Section III, Manpower Utilization, and recommendations 1-26 contained therein.

(b) Following satisfaction of the Condition Precedent set forth immediately above, together with those contained in Section 5.1.(a) above, the Assistance will be available to fund the following studies under direct A.I.D. contracts subject to procedures to be set forth in Project Implementation Letters: (1) establishment and operation of a proposed Coast Institute of Agriculture and (2) expansion of the Faculty of Agriculture, University of Nairobi.

SECTION 5.4. Additional Conditions - Egerton College.

(a) Prior to any disbursement of the Assistance, or the issuance of any commitment documents under this Agreement, to finance either construction or technical assistance for Egerton College, the Government will furnish, in form and substance satisfactory to A.I.D., evidence that it will provide all requisite administrative, academic and maintenance staff for Egerton College, consistent with the detail provided in Annex 1 to this Agreement on a timely basis.

(b) Prior to any disbursement, or the issuance of any commitment documents under this Agreement, to finance construction for Egerton College, the Government will also furnish, in form and substance satisfactory to A.I.D., (i) all relevant contracts with Kenyan architectural and engineering firms, to be financed from other resources than the Assistance, calling for provision of design and other professional services necessary for the Egerton College construction; (ii) final plans, specifications and bid documents for that construction, together with a Work Plan indicating the steps Egerton College will take to monitor this construction.

(c) The above conditions precedent relative to Egerton College are additional to those contained in Section 5.1.(a), 5.2. and 5.3.(a) above.

SECTION 5.5. Additional Conditions - Range Research System Support.

(a) Prior to any disbursement, or the issuance of any commitment documents under the Project Agreement for the Range Research component of the Project, the Government shall furnish in form and substance satisfactory to A.I.D., (1) evidence that a functioning Range Research Advisory Committee has been established or shortly will be established and (2) a statement as to what actions the Government will undertake, and pursuant to what schedule, with regard to the report of the American Technical Assistance Corporation (ATAC) dated November 1977, entitled "Agriculture Research in Kenya", specifically the "Summary", pages 1-5 thereof.

(b) The above conditions precedent relative to the Range Research Systems component are additional to those contained in Section 5.1.(a) and 5.2. above.

SECTION 5.6. Additional Conditions - Agricultural Finance Corporation (AFC).

(a) Prior to any disbursement, or the issuance of any commitment documents under the Project Agreement to finance assistance to the AFC, the Government will submit, in form and substance satisfactory to A.I.D.:

(1) a comprehensive written report on actions which AFC has undertaken or proposes to undertake with respect to the findings and recommendations of the A.I.D.-sponsored AFC Management Study dated June 1977;

(2) evidence that AFC will undertake or cause to be undertaken a job classification, job appraisal, and salary revision study of its operations;

(3) evidence that AFC has hired, or that it shortly will hire, a qualified administrative officer who will be responsible for consolidating AFC's various administrative functions into a single administrative division and provide the necessary administrative leadership for this division.

(b) The above conditions precedent relative to AFC are additional to those contained in Section 5.1.(a) above.

SECTION 5.7. Notification. When A.I.D. determines that each of the conditions precedent set forth in Sections 5.1.(a) through 5.6. above has been met, it will promptly so notify the Government.

SECTION 5.8. Terminal Dates for Satisfying Conditions Precedent.

(a) If all of the conditions specified in Section 5.1.(a) above, have not been met within ninety days from the date of this Agreement, or such later date as A.I.D. may agree in writing, then A.I.D., at its option, may terminate this Agreement by written notice to the Government.

(b) If either (1) the conditions specified in Sections 5.3., 5.4. (a), 5.5. or 5.6. above have not been met within four months from the date of this Agreement, or such later date as A.I.D. may agree in writing, or

(2) the conditions specified in Section 5.4.(b) above have not been satisfied within fifteen months from the date of this Agreement, or such later date as A.I.D. may agree in writing; then A.I.D., at its option, may in whole or in applicable part cancel the then undisbursed balance of the Assistance, to the extent not irrevocably committed to third parties, and may terminate this Agreement in whole or in applicable part by written notice to the Government. In the event of such termination, the Government will repay immediately the applicable accrued interest; on receipt of such payments in full, this Agreement and all obligations of the Parties hereunder will terminate to the extent cancelled, except with respect to any obligations arising out of the expenditure of Grant funds.

A R T I C L E 6

Special Covenants

SECTION 6.1. Project Evaluation. The Government will establish, as part of this Project, and with A.I.D. concurrence and participation, an evaluation program to examine the progress made towards the availability of services to the smallholder farmer. In this regard the Government will provide, on a timely basis, required administrative and technical assistance (not financed by A.I.D.) for evaluations of the Project and its impact on the smallholder through the extension service. The agreed upon evaluation program is more particularly described in Annex 1 to this Agreement.

SECTION 6.2. Submission of Plans and Documents - Various Project Components.

(a) The Government will submit to A.I.D. at dates to be specified in Project Implementation Letters, and in form and substance satisfactory to A.I.D., (1) annual training plans for the Ministry of Agriculture and Ministry of Cooperative Development Training Programs to be financed under the Project's Manpower Systems Support component; (2) an annual Egerton College Staff Training and Work Plan, also under the Manpower Systems Support component; and (3) annual Research Plans under the Project's Range Research Systems Support component.

(b) The Government will submit to A.I.D. on a periodic basis, as set forth in Project Implementation Letters, but at least as part of the Egerton College Staff Training and Work Plan referenced in Section 6.2.(a) (2) above, updated statements of the evidence submitted in satisfaction of Section 5.4.(a) above as to Egerton College's plans to meet its staffing needs in the administrative, academic and maintenance categories. Such periodic submissions will deal, at a minimum, with adequacy of staffing levels at such times and with efforts taken and proposed to fill staffing requirements. In addition, the Egerton College Staff Training and Work Plans shall be accompanied by an updated statement of actions taken, and proposed to be taken, pursuant to Section 5.3 (a) above.

(c) The Government will also submit on a periodic basis, as set forth in Project Implementation Letters, but at least annually, updated statements as to (1) the Agricultural Finance Corporation's actions and planning toward implementing the recommendations identified in Section 5.5.(a)(2) above with reference to the submission made in satisfaction of that Section.

SECTION 6.3. Housing. The Government will make available, on a timely basis, adequate housing to A.I.D.-financed technical assistance personnel financed under any and all Project components. In the event such housing is not available on the arrival of such personnel, the Government will take such action as may be agreed to by A.I.D. to provide adequate temporary accommodations until permanent housing is provided.

SECTION 6.4. Egerton College. With regard to Egerton College, and in addition to the documentary requirements identified in Section 6.2. above:

(a) The Government will provide on a timely basis: (1) the requisite sponsorships for additional student positions above the present sponsorship level and (2) funding to meet the recurrent costs, including maintenance of buildings, of Egerton College, by means of a regularized adjustment of the economic fee, a Government subvention, or by such other means as the Government and A.I.D. may agree.

(b) The Government will also advise A.I.D. periodically, at dates to be specified in Project Implementation Letters, but in any event at least annually as part of the Egerton College Staff Training and Work Plan referenced in Section 6.2. above, as to the current status and proposed course of action to provide such funding.

SECTION 6.5. Range Research System Support. With regard to this Project component, and in addition to the documents identified in Section 6.2. above, the Government agrees to provide, on a timely basis, all required research and administrative staff and all necessary financing to support the research at Kiboko.

A R T I C L E 7

Procurement Source

SECTION 7.1. Foreign Exchange Costs. Disbursement pursuant to Section 8.1. below ("Foreign Exchange Costs") will be used exclusively to finance the costs of goods and services required for the Project and meeting the following source and origin requirements, except as A.I.D. may otherwise agree to in writing and except as provided in Annex 3 of this Agreement (Article C. thereof, with respect to Marine Insurance, motor vehicle procurement, and Grant financed air transportation):

(a) Except for ocean shipping and except as provided in subparagraph (b) immediately below, equipment and other goods and services financed under the Loan will have their source and origin in countries included in Code 941 of the A.I.D. Geographic Code Book in effect at the time orders are placed or contracts entered into for such goods or services.

(b) Ocean shipping financed under the Loan shall be procured from the United States and Kenya. The requirements and limitations for such financing are more fully set forth in Section C.6 of Annex 3 of this Agreement.

(c) Goods and services financed under the Grant will have their source and origin in the United States (Code 000 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods or services).

(d) Notwithstanding Article C. of Annex 3 of this Agreement or subparagraph (c) above, motor vehicles procured for the Range Research Systems Support component of the Project may have their source and origin in countries included in A.I.D. Geographic Code 935.

SECTION 7.2. Local Currency Costs.

(a) Disbursement pursuant to Section 8.2. below will, with the exception noted immediately below, be used exclusively to finance the costs of goods and services required for the Project having their source and, except as A.I.D. may otherwise agree in writing, their origin in Kenya ("Local Currency Costs").

(b) Construction materials financed under the Loan for the construction of Egerton College will have their source and origin, as defined and limited by A.I.D. in a Project Implementation Letter, in countries included in A.I.D. Geographic Code 935.

A R T I C L E 8

Disbursements

SECTION 8.1. Disbursement for Foreign Exchange Costs.

(a) After satisfaction of conditions precedent contained in Article 5 above relative to particular Project components, or parts thereof as identified in Project Implementation Letters, the Government may obtain disbursements of funds under the Loan or the Grant for the Foreign Exchange costs of goods or services required for each such Project component, or part thereof, in accordance with the terms of the Agreement, by such of the following methods as may be mutually agreed upon: (1) By submitting to A.I.D. with necessary supporting documentation as prescribed in Project Implementation Letters

(i) requests for reimbursement for such goods or services, or
(ii) requests for A.I.D. to procure or finance the procurement of commodities or services on the Government's behalf for the Project; or (2) by requesting A.I.D. to issue Letters of Commitment for specified amounts (i) to one or more U.S. banks, acceptable to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, under Letters of Credit or otherwise, for such goods or services, or (ii) directly to one or more contractors or suppliers, committing A.I.D. to pay such contractors or suppliers for such goods or services.

(b) Banking charges incurred by the Government in connection with Letters of Commitment and Letters of Credit incident to the Loan will be financed under the Loan unless the Government instructs A.I.D. to the contrary. Other charges, incident to the Loan, may also be financed under the Loan to the extent that the Parties may so agree.

SECTION 8.2. Disbursement for Local Currency Costs.

(a) After satisfaction of conditions precedent set forth in Article 5 above relative to particular Project components, or parts thereof as identified in Project Implementation Letters, the Government may obtain disbursement of funds under the Loan or the Grant for Local Currency Costs required for such components or parts thereof in accordance with the terms of this Agreement, by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, requests to finance such costs.

(b) The local currency needed for such disbursement hereunder may be obtained: (1) by acquisition by A.I.D. with United States Dollars by purchase; (2) by A.I.D.'s (a) requesting the Government to make available the local currency for such costs, and (b) thereafter making available to the Government through the opening or amendment by A.I.D. of Special Letters of Credit in favor of the Government or its designee, an amount of U.S. dollars equivalent to the amount of local currency made available by the Government, which dollars will be utilized for procurement from the United States under procedures to be described in Project Implementation Letters; (3) by such other means as the Parties may agree to in writing. The U.S. dollar equivalent of the local currency made available hereunder will be, in the case of sub-section (b)(1) above, the amount of U.S. dollars required by A.I.D. to obtain the local currency, and in the case of sub-section (b)(2) above, an amount calculated at the rate of exchange specified in the applicable Special Letter of Credit Implementation memorandum hereunder as of the date of opening or amendment of the applicable Special Letter of Credit.

SECTION 8.3. Other Forms of Disbursement. Disbursements of the Loan or the Grant may also be made through such other means as the Parties may agree to in writing.

SECTION 8.4. Rate of Exchange. Except as may be more specifically provided under Section 8.2., if funds provided under the Loan or the Grant are introduced into Kenya by A.I.D. or any public or private agency for purposes of carrying out obligations of A.I.D. hereunder, the Government will make such arrangements as may be necessary so that such funds may be converted into currency of Kenya at the highest rate of exchange which, at the time the conversion is made, is not unlawful in Kenya.

SECTION 8.5. Date of Disbursement. Disbursements of the Loan by A.I.D. will be deemed to occur (a) on the date on which A.I.D. makes a disbursement to the Government or its designee, or to a bank, contractor or supplier pursuant to a Letter of Commitment, contract or purchase order; (b) on the date on which A.I.D. disburses to the Government or its designee local currency acquired in accordance with Section 8.2.(b) (1); or (c) if local currency is obtained in accordance with Section 8.2.(b)(2), on the date on which A.I.D. opens or amends the Special Letter of Credit therein referred to.

A R T I C L E 9

Miscellaneous

SECTION 9.1. Communications. Any notice, request, document or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such Party at the following address:

To the GOVERNMENT OF KENYA:

Mail Address: Permanent Secretary
Ministry of Finance and Planning
Post Office Box 30007
Nairobi, Kenya

Address for Cables: FINANCE, NAIROBI, KENYA

To A.I.D.:

Mail Address: Director
U.S.A.I.D. Mission to Kenya
Post Office Box 30261
Nairobi, Kenya

Address for Cables: USAID, AMEMBASSY, NAIROBI

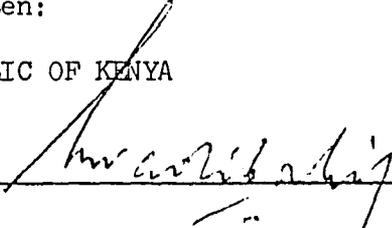
All such communications will be in the English language, unless the Parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of notice.

SECTION 9.2. Representatives. For all purposes relevant to this Agreement, the Government will be represented by the individual holding or acting in the office of Permanent Secretary, Ministry of Finance and Planning, and A.I.D. will be represented by the individual holding or acting in the office of the Director, A.I.D. Mission to Kenya. Each of these parties, by written notice, may designate additional representatives for all purposes other than exercising the power under Section 2.1. to revise elements of the amplified description in Annex 1 hereto. The names of the representatives of the Government, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until and unless in receipt of written notice of revocation of their authority.

SECTION 9.3. Standard Provisions Annex. A "Combined Loan and Grant Standard Provisions Annex" (Annex 3) is attached to and forms part of this Agreement.

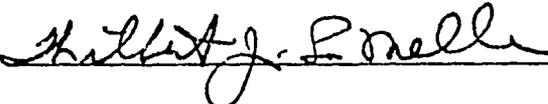
IN WITNESS WHEREOF, the Republic of Kenya and the United States of America, each acting through its duly authorized representatives, have caused this Agreement to be signed in their names and delivered as of the day and year first above written:

REPUBLIC OF KENYA

By: 

Title: Minister, Ministry of Finance and Planning

UNITED STATES OF AMERICA

By: 

Title: The Ambassador

AMPLIFIED PROJECT DESCRIPTION

This amplified Project description elaborates on the description provided in Section 2.1. of this Agreement. Except as may be specifically limited in this Annex, elements of the amplified description may be changed by written agreement of the authorized representatives of the Parties named in Section 9.2. without formal amendment of this Agreement, provided that any such change is made within the limits of the definition of the Project as set forth in Section 2.1.

A. THE PROJECT

The Agricultural Systems Support Project (ASSP) consists of the following five main components, each of which is more particularly described below: (1) Agricultural Manpower Systems Support; (2) Range Research System Support; (3) Agricultural Credit System Support; (4) Cooperative System Support; and (5) Storage and Marketing System Support. The Project's overall objective is to contribute significantly toward the Government's goals of greatly enhanced smallholder productivity and (in real terms) per capita income. Assistance furnished under the Project is intended, in furtherance of this overall objective, to address and substantially alleviate the following existing constraints: (1) trained agricultural manpower; (2) smallholder access to agricultural credit institutions, services and infrastructure; and (3) adaptive research.

B. PROJECT COMPONENTS

(1) Agricultural Manpower Systems Support: This component consists of the following:

(a) Egerton College Expansion: The Loan will finance construction, renovation and equipment for the expansion of Egerton College to permit total student enrollment to increase from the current level of 690 to 1,632 by 1985. The construction will be financed through a Government contract following procedures to be specified in a Project Implementation Letter. Funds will be disbursed on a cost reimbursable basis to Government, or by other means acceptable to the Parties.

Equipment for Egerton College and residential furnishings for technical assistance staff will also be financed via a Government contract using the services of the Afro-American Purchasing Center or by other mutually acceptable means.

To enable the Egerton College faculty to expand quickly in line with the phased enrollment increase, the Government will contract (from Project Grant funds) with a U.S. university to provide approximately 91 worker years of technical assistance. The Project Grant will also fund participant training for approximately 43 Egerton Kenyan faculty members

for a total of approximately 138 training years. The training will be financed through the technical assistance contract and managed by the U.S. university.

In connection with the Egerton College program, the Government will finance all architectural, engineering and quantity surveyor costs for both design and construction supervision services at Egerton. The Government will also finance part of the building renovation cost, the construction of sports facilities, the purchase of two vehicles and the provision of all building furnishings. Finally, the Government, through Egerton College, will finance the increased College operating costs and one-way participant training travel to the U.S. for faculty members.

(b) Training Fund: As part of this Project's broad effort to upgrade the Government's agricultural manpower resources, the Grant provides a training fund whereunder, through A.I.D.'s participant procedures or by such other means as the Parties shall agree, approximately 100 participants from the Ministry of Agriculture will receive U.S. training in many areas of agriculture related to Project objectives. The Government, through that Ministry, will finance the one-way travel expenses of participants trained through this training fund. Specific training to be funded will be subject to mutual annual agreement, based on a submission and review of the Work Plans called for pursuant to Section 6.2.(a)(1) of this Agreement.

(c) Studies: From Grant funds, A.I.D. will contract with appropriate U.S. institutions for studies to determine the feasibility of establishing a Coast Agriculture Institute and of expanding the Faculty of Agriculture of the University of Nairobi. These studies will receive counterpart support, office support and in-country transportation from Government. The Coast Agriculture Institute study will call for the development of academic and technical feasibility information leading to preliminary sketch plans and other data relevant to establishment of an institute to have an enrollment of approximately 660 persons, which would offer a two-year program leading to a certificate in agriculture and then, normally, to a position as farmer-contact agent in the Ministry of Agriculture's Extension Service. The Faculty of Agriculture study will develop similar data relevant to possible expansion of that Faculty's student capacity to approximately 805 B.Sc. students to be placed, largely, as technical officers and field administrators with the Extension Service.

(2) Range Research Systems: This Project component will finance (through the Grant) a Government contract providing approximately 31 worker years of technical assistance in specialized areas at the Range Research Station at Kiboko. The Grant will also finance contract consultant services to provide short-term research technical assistance at the same Station. The technical assistance will be provided through a contract with a U.S. university. A total of approximately 57 years of academic

and non-academic training will be provided to upgrade Government's personnel research skills. Participant training will be financed through the university contract with contractor personnel responsible for coordination and management of training activities. The Grant will also finance equipment and commodities.

The Government's contribution will finance the operating expenses of the Kiboko research station, construction of 19 houses and one-way participant travel in support of the U.S. research training.

(3) Agriculture Credit System Support: The Grant will fund a contract for approximately 14 years of long term U.S. technical assistance to upgrade the management skills of the Agriculture Finance Corporation and to provide on-site training skills. Also, the Grant will fund approximately 50 participant years of U.S. academic training, approximately 12 participant years of U.S. non-academic training and an AFC in-country training program to improve the management of agriculture credit resources at all levels within the AFC.

Government, through the AFC, will finance general office support, partial quarters allowance, local travel expenses and professional counterparts for the technical assistance staff. The AFC will also finance one-way participant travel and salary expenses for the U.S. academic and non-academic training plus classroom facilities and participant salary expenses for the in-country training program.

(4) Cooperative System Support: The Grant will fund a contract for approximately 61 worker months of long and short-term U.S. technical assistance to provide advisory training services to the Ministry of Cooperative Development. The Grant will also fund contracts for three studies, namely: (1) an evaluation leading to recommendations for improvements in the Ministry's Cooperative Education and Training System; (2) a study leading to recommendations concerning professional and sub-professional manpower needs in the cooperative sector over the next decade and (3) a review of curriculum and facilities and other aspects of the feasibility of improving and expanding the Cooperative College. These studies will, in general, be intended to generate data on the development needs and constraints of the cooperative systems in Kenya and to recommend corrective action as appropriate. The Government, through the Ministry of Cooperative Development, will provide general office support, field transportation and professional counterparts for the A.I.D.-funded training advisors and for each of the three study teams.

U.S. academic training will be provided over Life of Project for approximately 50 participant (two years each) and U.S. non-academic

training will be provided for approximately 45 participants, for a total of approximately 250 training months (including 10 months of training for board members of the Cooperative Bank of Kenya). Training will be pursuant to A.I.D. participant procedures, except as the Parties shall otherwise agree, and shall be in various selected categories of relevance to the objectives of this Project component. Specific training to be funded will be subject to mutual agreement, based on submission and review of the Work Plan called for pursuant to Section 6.2.(a)(1) of this Agreement. One-way participant travel and participants' salary costs will also be provided by the Government for U.S. academic and non-academic participants.

(5) Food Storage System Support: The Grant will fund a contract for 24 worker months of U.S. technical assistance to prepare a food storage study examining the feasibility of projects aimed at improving on-farm storage and cooperative storage, both for the benefit primarily of smallholders. Grant financing will also be provided for approximately 110 months of U.S. academic training and approximately 15 months of U.S. non-academic training.

The Government will provide office space, in-country transportation and professional counterparts to the technical assistance team conducting the storage study. The Government will also finance one-way air travel for U.S. participant training.

C. PROJECT EVALUATION

The primary importance of the Project's evaluation system, described below, is the development of timely and useful information as to (a) whether Project components are serving the intended objective of effectively reaching the Kenyan smallholder and (b) if not, or if significant improvements are possible in accomplishing this objective, identification of appropriate remedial actions. Details concerning the evaluation system, additional to those set forth below, will from time to time be contained in Project Implementation Letters.

The evaluation system to be followed for this Project shall have three components: (1) annual A.I.D./Government evaluations; (2) individual component evaluations as these may be deemed necessary; and (3) special in-depth evaluations. These evaluations are more particularly described as follows:

(1) The first annual A.I.D./Government evaluation will commence 12 months from the date on which initial conditions precedent to disbursement, set forth in Section 5.1. above are met. This evaluation will focus on the initial phases, performance to date, whether any actions are required to address problems which might arise at a later date, and the progress and results of the feasibility studies being conducted under the Agricultural Manpower, Cooperative System, and Storage and Marketing

components of the Project. These evaluations will be held annually, and the involved Government officials will be invited to participate. As implementation proceeds, the focus of these reviews will shift toward evaluating progress in achieving Project purpose and outputs, recognizing that these purposes and outputs will not wholly be realized until Project conclusion.

(2) Special studies or evaluations of individual components, in greater depth than the annual reviews, will be held as and when a need is determined by A.I.D., in consultation with Government, to exist. These will address special concerns which may arise for any one Project component, as opposed to the broader in-depth comprehensive evaluation discussed below.

(3) There will also be three Project-wide, in-depth evaluations in U.S. fiscal years 1980, 1982 and 1984. These evaluations will focus on linkages between Project components and the ability of all components to impact on the smallholder. In the process of examining the impact on the smallholder, the reviews will include an analysis of the Extension Service, constraints to its effective operation, and actions being taken, being planned, or appropriate in order to overcome constraints. The in-depth evaluations will be preceded, late in U.S. fiscal year FY 1979 or the first quarter of FY 1980, by a baseline survey. In-depth evaluations will cover the Egerton College expansion; Range Research and Credit components; use of training funds for the Ministries of Agriculture and Cooperative Development; technical assistance to cooperatives; and training in the storage category.

All evaluations and studies will be conducted through direct A.I.D. contracts, funded from the Grant, except as the Parties may otherwise agree. The Government will provide office and secretarial requirements, field transportation and professional counterparts to all evaluation and study teams.

FINANCIAL PLAN AND PROCEDURES

The Tables below set forth, by Project component, the contribution to the Project currently contemplated by the Parties. Those Tables are subject to change by the Parties without formal amendment of the Agreement provided that no such changes cause (a) A.I.D.'s Grant or Loan contributions to the Project to exceed the amounts stated with respect to each such contribution as set forth in Section 3.1., or (b) the Government's contribution to the Project to be less than the amount stated thereof in Section 3.2.(b). Changes in the Tables, if any, will be from time to time a subject for mutual discussion and agreement, thereafter to be recorded in Project Implementation Letters.

Disbursement of Project funds consistent with this Agreement will be made pursuant to the procedures set forth in Article 8 above. Project Implementation Letters may elaborate on and revise those procedures from time to time.

TOTAL PROJECT
FUNDING SUMMARY
(In Millions U.S. \$)

	<u>LOAN</u>		<u>GRANT</u>		<u>TOTAL</u>	<u>%</u>
	<u>FX</u>	<u>LC</u>	<u>FX</u>	<u>LC</u>		
1. A.I.D.	6.1	17.5	25.9	.2	49.7	73.3
2. GOK	-	5.5	-	12.6	18.1	26.7
	<u>6.1</u>	<u>23.0</u>	<u>25.9</u>	<u>12.8</u>	<u>67.8</u>	<u>100.0</u>

AGRICULTURE MANPOWER SYSTEM

FUNDING SUMMARY
(U.S. \$ 000)

	<u>A. I. D.</u>		<u>GOK</u>
	<u>Loan</u>	<u>Grant</u>	
1. Egerton Long-Term TA	-	7,862.4	5,863.7
2. Egerton Capital Investment.....	23,558.0	504.0	5,471.7
3. Egerton Participant Training....	-	2,378.2	43.0
4. Coast Institute Study.....	-	150.0	21.8
5. University of Nairobi Study	-	66.0	10.2
6. MOA Training Fund	-	3,460.0	1,100.0
TOTAL	<u>23,558.0</u>	<u>14,420.6</u>	<u>12,510.4</u>

RANGE RESEARCH SYSTEMFUNDING SUMMARY

(\$000)

(All Grant Funded)

	<u>A.I.D.</u>	<u>GOK</u>
1. Kiboko Long Term Technical Assistance	3,152.7	3,988.5
2. Kiboko Short Term TA	608.4	-
3. Research Commodity & Services Procurement	346.0	-
4. Academic Participant Training	925.2	18.0
5. Non-Academic Participant Training	109.8	18.0
TOTAL	<u>5,142.1</u>	<u>4,024.5</u>

AGRICULTURE CREDIT SYSTEMFUNDING SUMMARY

(\$000)

(All Grant Funded)

1. AFC Long Term TA	1,276.8	206.1
2. AFC Academic Training	865.0	275.0
3. AFC Non-Academic Training	395.2	88.0
4. AFC in-country Training	130.2	306.5
TOTAL	<u>2,667.2</u>	<u>875.6</u>

COOPERATIVE SYSTEMFUNDING SUMMARY

(\$000)

(All Grant Funded)

1. Cooperative Training Advisory Service.....	509.7	52.8
2. Cooperative Education and Trg. Evaluation	28.0	2.6
3. Cooperative Manpower Study	21.8	2.6
4. Cooperative Academic Training	1,730.0	300.0
5. Cooperative Non-Academic Training	682.5	212.0
6. Cooperative College Feasibility Study	45.0	3.4
TOTAL	<u>3,017.0</u>	<u>573.4</u>

STORAGE AND MARKETING SYSTEM

FUNDING SUMMARY

(\$000)

(All Grant Funded)

	<u>A.I.D.</u>	<u>GOK</u>
1. Storage Academic Training	172.0	7.0
2. Storage Non-Academic Training	43.3	5.0
3. National Grain Storage Study	204.0	39.0
	<hr/>	<hr/>
TOTAL	419.3	51.0
	<hr/>	<hr/>

PROJECT EVALUATION SYSTEM

FUNDING SUMMARY

(\$000)

(All Grant Funded)

	<u>A.I.D.</u>	<u>GOK</u>
27 Consultant months plus 10 consultant months for component-specific evaluations	465	61.3
	<hr/>	<hr/>

COMPONENT FUNDING SUMMARY

(\$000)

	<u>A.I.D.</u>	<u>GOK</u>	<u>TOTAL</u>
1. Agriculture Manpower System.....	37,978.6	12,510.4	50,489.0
2. Research System	5,142.1	4,024.5	9,166.6
3. Agriculture Credit System	2,667.2	875.6	3,542.8
4. Cooperative System	3,017.0	573.4	3,590.4
5. Storage And Marketing System	419.3	51.0	470.3
6. Evaluation	465.0	61.3	526.3
	<hr/>	<hr/>	<hr/>
TOTAL	49,689.2	18,096.2	67,785.4
	<hr/>	<hr/>	<hr/>

COMBINED LOAN AND GRANT
PROJECT STANDARD PROVISIONS ANNEX

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

A R T I C L E A

Project Implementation Letters

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

A R T I C L E B

General Covenants

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

SECTION B.2. Execution of Project. The Government will: (a) carry out the Project or cause it to be carried out with due diligence and efficiency, in conformity with sound technical, financial, and management practices, and in conformity with those documents, plans, specifications, contracts, schedules, or other arrangement, and with any modifications therein, approved by A.I.D. pursuant to this Agreement; and (b) provide qualified and experienced management for, and train such staff as may be appropriate for the maintenance and operation of the Project, and, as applicable for continuing activities, cause the Project to be operated and maintained in such manner as to assure the continuing and successful achievement of the purposes of the Project.

SECTION B.3. Utilization of Goods and Services.

(a) Any resources financed under the Assistance will, unless otherwise agreed in writing by A.I.D., be devoted to the Project until the completion of the Project, and thereafter will be used so as to further objectives sought in carrying out the Project.

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

SECTION B.4. Taxation.

(a) This Agreement, and the Assistance will be free from, and the Principal and interest will be paid free from, any taxation or fees imposed under laws in effect in Kenya.

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

SECTION B.5. Reports, Records, Inspections, Audit. The Government will:

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

(b) maintain or cause to be maintained, in accordance with generally accepted accounting principles and practices consistently applied, books and records relating to the Project and to this Agreement, adequate to show, without limitation, the receipt and use of goods and services acquired under the Assistance. Such books and records will be audited regularly, in accordance with generally accepted auditing standards, and maintained for three years after the date of the last disbursement by A.I.D.; such books and records will also be adequate to show the nature and extent of solicitations of prospective suppliers of goods and service acquired, the basis of award of contracts and orders, and the overall progress of the Project toward completion; and

(c) afford authorized representatives of a Party the opportunity at all reasonable times to inspect the Project, the utilization of goods and services financed by such Party, and books, records and other documents relating to the Project and the Assistance.

SECTION B.6. Completeness of Information. The Government confirms:

(a) that the facts and circumstances of which it has informed A.I.D., or caused A.I.D. to be informed, in the course of reaching agreement with A.I.D. on the Assistance, are accurate and complete and include all facts and circumstances that might materially affect the Project and the discharge of responsibilities under this Agreement; and

(b) that it will inform A.I.D. in timely fashion of any subsequent facts and circumstances that might materially affect, or that it is reasonable to believe might so affect, the Project or the discharge of responsibilities under this Agreement.

SECTION B.7. Other Payments. The Government affirms that to the best of its knowledge no payments have been received and will take such steps to reasonably assure that no payments will be received by any official of the Government in connection with the procurement of goods or services financed under the Assistance except fees, taxes, or similar payments legally established in Kenya.

SECTION B.8. Information and Marking. The Government will give appropriate publicity to the Assistance and the Project as a program to which the United States has contributed, identify the Project site, and mark goods financed by A.I.D., as described in Project Implementation Letters.

A R T I C L E C

Procurement Provisions

SECTION C.1. Special Rules.

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

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

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

(d) Transportation by air, financed under the Grant, of property or persons (and their personal effects) will be on carriers holding United States certification, to the extent service by such carriers is available. Details on this requirement will be described in a Project Implementation Letter.

SECTION C.2. Eligibility Date. No goods or services may be financed under the Assistance 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 Government will furnish to A.I.D. upon preparation;

(1) any plans, specifications, procurement or construction schedules, contracts, or other documentation relating to goods or services to be financed under the Assistance, including documentation and selection of contractors and to the solicitation of bids and proposals. Material modifications in such documentation will likewise be furnished A.I.D. on preparation;

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

(b) Documents related to the prequalification of contractors, and to the solicitation of proposals for goods and services financed under the Assistance will be approved by A.I.D. in writing prior to their issuance, and their terms will include United States standards and measurements.

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

(d) Consulting firms used by the Government for the Project but not financed under the Assistance, the scope of their services and such of their personnel assigned to the Project as A.I.D. may specify, and construction contractors used by the Government for the Project but not financed under the Assistance shall be acceptable to A.I.D.

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

SECTION C.5. Notification to Potential Suppliers. To permit all United States firms to have the opportunity to participate in furnishing goods and services to be financed under the Assistance, the Government will furnish A.I.D. such information with regard thereto, and at such times, as A.I.D. may request in Project Implementation Letters.

SECTION C.6. Shipping.

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

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

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

SECTION C.7. Insurance.

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

(b) Except as A.I.D. may otherwise agree in writing, the Government will insure, or cause to be insured, goods financed under

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

SECTION C.8. U.S. Government-owned Excess Property. The Government agrees that wherever practicable United States Government-owned excess personal property, in lieu of new items financed under the Assistance should be utilized. Funds under the Assistance may be used to finance the costs of obtaining such property for the Project.

A R T I C L E D

Termination; Remedies

SECTION D.1. Cancellation by the Government. The Government may, by giving A.I.D. 30 days written notice, cancel any part of the Loan or Grant which has not been disbursed or committed for disbursement to third parties.

SECTION D.2. Events of Default; Acceleration. It will be an "Event of Default" if the Government shall have failed: (a) to pay when due any interest or installment or Principal required under this Agreement, or (b) to comply with any other provision of this Agreement, or (c) to pay when due any interest or installment of Principal or other payment required under any other loan, guaranty or other agreement between the Government or any of its agencies and A.I.D. or any of its predecessor agencies. If an Event of Default shall have occurred, then A.I.D. may give the Government notice that all or any part of the unrepaid Principal will be due and payable sixty (60) days thereafter, and, unless such Event of Default is cured within that time:

(a) such unrepaid Principal and accrued interest hereunder will be due and payable immediately; and

(b) the amount of any further disbursements made pursuant to then outstanding commitments to third parties or otherwise will become due and payable as soon as made.

SECTION D.3. Suspension. If at any time:

(a) an Event of Default has occurred; or

(b) an event occurs that A.I.D. determines to be an extraordinary situation that makes it improbable either that the purpose of the Assistance will be attained or that the Government will be able to perform its obligations under this Agreement; or

(c) any disbursements by A.I.D. would be in violation of the legislation governing A.I.D.; or

(d) the Government shall have failed to pay when due any interest, installment of principal or other payment required under any other loan, guaranty, or other agreement between the Government or any of its agencies and the Government of the United States or any of its agencies;

then A.I.D. may:

(1) suspend or cancel outstanding commitment documents to the extent they have not been utilized through irrevocable commitment to third parties or otherwise, giving prompt notice thereof to the Government;

(2) decline to issue additional commitment documents or to make disbursements other than under existing ones; and

(3) at A.I.D.'s expense, direct that title to goods financed under the Assistance be transferred to A.I.D. if the goods are from a source outside Kenya, are in a deliverable state and have not been offloaded in ports of entry of Kenya. Any disbursement made under the Loan with respect to such transferred goods will be deducted from Principal.

SECTION D.4. Cancellation by A.I.D. If, within sixty (60) days from the date of any suspension of disbursement pursuant to Section D.3. the cause or causes thereof have not been corrected, A.I.D. may cancel any part of the Assistance that is not then disbursed or irrevocably committed to third parties.

SECTION D.5. Continued Effectiveness of Agreement. Notwithstanding any cancellation, suspension of disbursement, or acceleration of repayment, the provisions of this Agreement will continue in effect until the payment in full of all Principal and accrued interest hereunder.

SECTION D.6. Refunds.

(a) In the case of any disbursement which is not supported by valid documentation in accordance with this Agreement, or which is not made or used in accordance with this Agreement, or which was for goods or services not used in accordance with this Agreement, A.I.D., notwithstanding the availability or exercise of any other remedies provided

for under this Agreement, may require the Government to refund the amount of such disbursement in U.S. Dollars to A.I.D. within sixty days after receipt of a request therefor.

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

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

(d) (1) Any refund under subsection (a) or (b), or (2) any refund to A.I.D. from a contractor, supplier, bank or other third party with respect to goods or services financed under the Assistance, which refund relates to an unreasonable price for or erroneous invoicing of goods or services, or to goods that did not conform to specifications, or to services that were inadequate, will (a) be made available first for the cost of goods and services required for the Project, to the extent justified, and (b) the remainder, if any, (i) if derived from Loan funds, will be applied to the installments of Principal in the inverse order of their maturity and the amount of the Loan reduced by the amount of such remainder, and (ii) if derived from Grant funds, will be paid to reduce the amount of the Grant.

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

SECTION D.7. Nonwaiver of Remedies. No delay in exercising any right or remedy accruing to a Party in connection with its financing under this Agreement will be construed as a waiver of such right or remedy.

SECTION D.8. Assignment. The Government agrees, upon request, to execute an assignment to A.I.D. of any cause of action which may accrue to the Government in connection with or arising out of the contractual performance or breach of performance by a party to a direct U.S. Dollar contract with A.I.D. financed in whole or in part out of funds granted by A.I.D. under this Agreement.

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT PAPER FACESHEET		1. TRANSACTION CODE <div style="border: 1px solid black; display: inline-block; padding: 2px;">C</div> A = ADD C = CHANGE D = DELETE	PP <hr/> 2. DOCUMENT CODE <div style="border: 1px solid black; display: inline-block; padding: 2px;">3</div>
3. COUNTRY/ENTITY		4. DOCUMENT REVISION NUMBER <div style="border: 1px solid black; display: inline-block; padding: 2px;">2</div>	
5. PROJECT NUMBER (7 digits) <div style="border: 1px solid black; display: inline-block; padding: 2px;">615-T-008</div>		6. BUREAU/OFFICE	
		A. SYMBOL AFR	B. CODE <div style="border: 1px solid black; display: inline-block; padding: 2px;">1</div>
8. ESTIMATED FY OF PROJECT COMPLETION FY <div style="border: 1px solid black; display: inline-block; padding: 2px;">7</div> <div style="border: 1px solid black; display: inline-block; padding: 2px;">9</div>		7. PROJECT TITLE (Maximum 40 characters) <div style="border: 1px solid black; display: inline-block; padding: 2px;">Livestock Development Loan</div>	
		9. ESTIMATED DATE OF OBLIGATION	
		A. INITIAL FY <div style="border: 1px solid black; display: inline-block; padding: 2px;">7</div> <div style="border: 1px solid black; display: inline-block; padding: 2px;">4</div>	B. QUARTER <div style="border: 1px solid black; display: inline-block; padding: 2px;">4</div> <small>(Enter 1, 2, 3, or 4)</small>
		C. FINAL FY <div style="border: 1px solid black; display: inline-block; padding: 2px;">7</div> <div style="border: 1px solid black; display: inline-block; padding: 2px;">9</div>	

10. ESTIMATED COSTS (\$000 OR EQUIVALENT \$1 -)						
A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. TOTAL	E. FX	F. L/C	G. TOTAL
AID APPROPRIATED TOTAL						
(GRANT)	()	()	()	()	()	()
(LOAN)	()	()	()	()	()	()
OTHER U.S. 1.						
2.						
HOST COUNTRY						
OTHER DONOR(S)						
TOTALS						

11. PROPOSED BUDGET APPROPRIATED FUNDS (\$000)									
A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. 1ST FY		H. 2ND FY		K. 3RD FY	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	I. GRANT	J. LOAN	L. GRANT	M. LOAN
(1)									
(2)									
(3)									
(4)									
		TOTALS							

A. APPROPRIATION	N. 4TH FY		O. 5TH FY		LIFE OF PROJECT		12. IN-DEPTH EVALUATION SCHEDULED
	P. LOAN	R. GRANT	S. LOAN	T. GRANT	U. LOAN		
(1)							<div style="border: 1px solid black; display: inline-block; padding: 2px;"> MM YY </div>
(2)							
(3)							
(4)							
		TOTALS					

13. DATA CHANGE INDICATOR. WERE CHANGES MADE IN THE PID FACESHEET DATA, BLOCKS 12, 13, 14, OR 15 OR IN PRP FACESHEET DATA, BLOCK 12? IF YES, ATTACH CHANGED PID FACESHEET.

1

1 = NO
2 = YES

14. ORIGINATING OFFICE CLEARANCE SIGNATURE Robert Muscat TITLE Acting Director, USAID/Kenya DATE SIGNED <div style="display: flex; justify-content: space-between;"> <div style="border: 1px solid black; padding: 2px;">MM DD YY </div> <div style="border: 1px solid black; padding: 2px;">MM DD YY </div> </div>		15. DATE DOCUMENT RECEIVED IN AID 'W' OR FOR AID 'W' DOCUMENTS, DATE OF DISTRIBUTION <div style="border: 1px solid black; padding: 2px; text-align: center;"> MM DD YY </div>
--	--	--

Kenya Livestock Development Loan (615-T-008)

Amendment No. 2.

I. Purpose of this Amendment

This Amendment transfers \$1,000,000 from Project Part A to Project Part C of the loan program.

II. Background

The original Capital Assistance Paper (CAP) for this loan program allocated \$4.1 million as AID's portion of Project Part A. Ranch Development implemented through Agricultural Finance Corporation (AFC) sub-loans. AID financing of this multi-donor funded activity is for the local purchase of cattle and is not to exceed 20% of total AFC ranch financing. Due to high start-up and ranch operating costs, high cattle costs brought about by the severe droughts of two and three years ago, and depressed meat prices, it has been exceedingly difficult for the AFC and Range Management Division of the Ministry of Agriculture to plan and develop economically viable ranch operations. Therefore, ranch loan drawdowns from the AFC's allocation of funds from this AID loan program (Part A) have fallen far behind the progress originally anticipated.

The original CAP and Amendment No. 1 allocated \$5.30 million and \$3.25 million respectively for Project Part C, Range Development in the North Eastern Province of Kenya, to be implemented by the Ministry of Water Development in conjunction with the Range Management Division. These funds were allocated for technical assistance purchase of equipment, and local costs for aircraft charter, petrol, oil and lubricants (POL), spare parts, borehole, dam and housing construction, and range trend study teams. Almost all of the funds available under Project Part C have been expended or are otherwise committed for equipment and spare parts already under order. However, because of major and unexpected cost increases (particularly for borehole construction, POL and spare parts) Project Part C has fallen behind in the categories of track and dam construction and maintenance as well as borehole construction. Remaining funds in the local cost component of Project Part C are sufficient only for POL expenditures through the final quarter of CY 78, and contracts for borehole drilling have been halted altogether. To meet quantified targets as set forth in Loan Amendment No. 1 of March 26, 1977, the Ministry of Water Development has estimated that an additional \$1.0 million will be required to complete the activities under Project Part C.

III. Project Part A, AFC Ranch Development

Total disbursements to date are \$921,476.18 and the AFC anticipates maximum additional disbursements of \$2.0 million between now and the Terminal Disbursement Date (TDD) of the loan program. A maximum total possible drawdown by AFC under Project Part A would be about \$3.0 million leaving a surplus of \$1.1 million relative to the \$4.1 million originally allocated in the CAP. Thus, \$1.0 million could be transferred from this local cost component of the loan program without reducing the present total expected disbursements under Project Part A.

IV. Project Part C, North Eastern Province Range Development

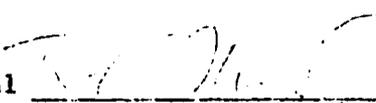
Since the time of project design, costs for borehole construction have more than doubled and operating costs of the dam and track construction units have also increased greatly because of increased fuel prices. The Ministry of Water Development has estimated that another \$1.0 million is needed in order to achieve the quantified project goals for range water development in the North Eastern Province.

V. Government of Kenya request for the transfer of funds from Project Part A to Project Part C.

On October 26, 1978 the USAID received an official request from the Ministry of Finance to transfer \$1.0 million from Project Part A to Project Part C. A copy of that request letter (Ref. No. DV 9/170/01 of October 9, 1978) is attached to this Amendment as Annex I.

VI. Conclusion

Having closely reviewed and considered all the factors relating to this requested transfer of funds between the two major components of the loan program, the USAID has determined that it is appropriate and necessary to transfer \$1.0 million from Project Part A to Project Part C of the loan program in order for the objectives of Project Part C to be accomplished. This adjustment in the project financial plan is necessary and fully consistent with the overall program and project purposes.

Approval 
Acting Director, USAID/K

Date 11/17/78

USAID DIST. (10/26)SIO.

IOAN 615-T-008 Annex I

ACTION: AFR
(DUE 11/3)
INFO:DIR;A/DIR;PROG;
CHRON:RF

REPUBLIC OF KENYA
MINISTRY OF FINANCE AND PLANNING

Telegraphic Address:
FINANCE-NAIROBI
Telephone: 334433
When replying please quote
Ref. No.DY...9/170/01
and date



THE TREASURY
P.O. Box 30007
NAIROBI
KENYA.

..9th..October... 19...78.

Mr. Glenwood P. Roane,
Director,
USAID Mission to Kenya,
P.O. Box 30261,
NAIROBI.

Dear Mr. Roane,

KENYA LIVESTOCK DEVELOPMENT LOAN
NO. 615-T-008 IMPLEMENTATION LETTER NO. 20

Thank you for your letter of 10th August, 1978
regarding the above named subject.

As you indicated in your letter the extension given for the terminal date for disbursement in Part A of the above named loan will allow substantial additional drawdowns by the AFC from the original US\$4.1 million allocation of loan funds. However it appears that the AFC will not have utilised the entire original loan by the terminal date. In the meantime, it has been indicated to us from the Ministry of Water Development that the loan funds available for North East Ranch Development under the above named project is short by some \$1 million of actual requirements. We would in this respect request that USAID reallocated \$1 million of Part A of the above mentioned loan to the North East Ranch Development Project.

Your cooperation in expediting this request will be very much appreciated.

Yours sincerely,


A. GITHINJI

C.C.

Mr. F.C. Maina,
General Manager,
AFC.,
NAIROBI.

The Permanent Secretary,
Ministry of Agriculture,
NAIROBI.

The Permanent Secretary,
Ministry of Water Development,
NAIROBI.

A.I.D. Project No. 615-0169

Agreement No. 0169-1-908

AMENDMENT NO. 3

To The

PROJECT AGREEMENT

Between The

REPUBLIC OF KENYA

And The

UNITED STATES OF AMERICA

For The

AGRICULTURAL SYSTEMS SUPPORT PROJECT

Appropriation No: 72-1191021.3

Allotment No: 943-50-615-00-69-91

December 28, 1979

PROJECT AGREEMENT AMENDMENT NO. 3, dated the Twenty-Eighth
day of December 1979, between the REPUBLIC OF KENYA ("The Government")
and the UNITED STATES OF AMERICA, acting through the AGENCY FOR
INTERNATIONAL DEVELOPMENT ("A.I.D.").

This Project Agreement Amendment further amends the Project
Agreement of August 29, 1978, entered into by the Government and
A.I.D., as follows:

Delete the first paragraph of Section 3.1 of that Agreement
in its entirety and replace it with the following:

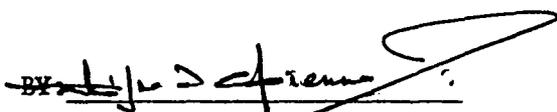
SECTION 3.1. The Loan, The Grant. To assist the Government
to meet the costs of carrying out the Project, A.I.D., pursuant to
the Foreign Assistance Act of 1961, as amended, hereby agrees to
lend the Government under the terms of this Agreement a sum not to
exceed Twenty-three million, six hundred thousand United States
Dollars (\$23,600,000) ("Loan") and to grant the Government under
the terms of this Agreement a sum not to exceed Four Million
United States Dollars (\$4,000,000). With this obligation the
total grant funds obligated and available to assist in financing
the project are now Ten Million, Five Hundred Seventy Three Thousand
United States Dollars (\$10,573,000) ("Grant"). The aggregate
amount of disbursements under the Loan is referred to as "Principal".
The Loan and the Grant together are referred to as the "Assistance".

All other terms and conditions of the aforementioned Project
Agreement remain unchanged and in full force and effect.

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

REPUBLIC OF KENYA

UNITED STATES OF AMERICA

BY: 

BY: 

TITLE: Director of External Aid
Permanent Secretary
Office of the Vice President
and Ministry of Finance

TITLE: Director, USAID/Kenya

DATE: 28/XII/79.

DATE: 28 December 1979

Clearances: PROG: WLeves *[Signature]*
CONT: *[Signature]* GRobinson *[Signature]*

[Signature]
Drafted: AGR: DChristenson: gek: 12-21-79

DEPARTMENT OF STATE
AGENCY FOR
INTERNATIONAL DEVELOPMENT

1. Cooperating Country
Kenya

2. PIO/T No.
615-169-3-80101

3. Original or
Amendment No. 29p

PIO/T

PROJECT IMPLEMENTATION
ORDER/TECHNICAL
SERVICES

4. Project/Activity No. and Title
615-0169
Agricultural Systems Support Project (ASSP)
(National Crop Storage Study - Sub-Project)

PD-AAC-705

DISTRIBUTION

5. Appropriation Symbol
72-1181021

6.A. Allotment Symbol and Charge
843-50-615-00-69-93

6.B. Funds Allotted to:
 A.I.D./W Mission

7. Obligation Status

Administrative Reservation Implementing Document

8. Funding Period (Mo., Day, Yr.)

From 10-1-78 to 3-31-80

9.A. Services to Start (Mo., Day, Yr.)

Between 2-1-79

and 4-15-79

9.B. Completion date of Services

(Mo., Day, Yr.) 12-31-79

10.A. Type of Action

A.I.D. Contract Cooperating Country Contract Participating Agency Service Agreement Other

10.B. Authorized Agent Contracting Officer, AID/W

Estimated Financing		(1)	(2)	(3)	(4)
		Previous Total	Increase	Decrease	Total to Date
\$1.00 = 1 Sp.	7.6				
11. Maximum A.I.D. Financing	A. Dollars	-	\$204,000	-	\$204,000
	B. U.S.-Owned Local Currency	-	-	-	-
12. Cooperating Country Contributions	A. Counterpart	-	-	-	-
	B. Other	-	39,000	-	39,000

13. Mission Reference

14. Instructions to Authorized Agent

PROAG
8-29-78
PP
615-0169
PSE No. 75

- A) This PIO/T provides funding for a consultative services contract to carry out a Crop Storage Study.
- B) The contractor will be selected from those U.S. firms and institutions submitting competitive proposals in response to a Commerce Business Daily advertisement and related request for proposals.
- C) The contracting firm, and its proposed project staff, shall be acceptable to the Ministries of Agriculture and Cooperative Development of the Government of Kenya (GOK).
- D) The AID/W Contracting Officer is authorized by this PIO/T to negotiate and execute such a contract, following receipt of USAID/GOK comments and recommendations on proposals received in response to RFP documentation.

15. Clearances - Show Office Symbol, Signature and Date for all Necessary Clearances.

A. The specifications in the scope of work are technically adequate

TSS: KFO: Bonnell/DChristenson

C. The scope of work fits within the purview of the initiating and Agency Programs

PROC: RArch: TRanchi: 12/14

REDSO/RIA: R Lester

B. Funds for the services requested are available

CONT: DRISHTER: G.A. Robinson

D.

EXO: WSeeger

A/D: RMuscat

16. For the cooperating country: The terms and conditions set forth herein are hereby agreed to

Signature and Date: [Signature] 12/14/78
Title: Perm. Sec., Min. of Fin. & Plan.

Perm. Sec., Min. of Agriculture

17. For the Agency for International Development

Signature: Robert Muscat
Title: A/Director, USAID/Kenya

Perm. Sec., Min. of Coop. Development

18. Date of Signature

12/14/78

PIO/T

Project/Activity No. and Title

615-0169 Agricultural Systems Support Project
(National Crop Storage Study - Sub-Project)

SCOPE OF WORK

12. Scope of Technical Services

A. Objectives for which the Technical Services are to be used

Prepare a technical study which will evaluate, nation-wide, the farm and cooperative-level crop storage problems and needs of Kenya.

B. Description

Scope of Work:

The study team will evaluate farm and village-level storage needs, taking into account local variations in climate, production and consumption patterns, existing facilities, transportation network, traditional storage practices and preference, and locally-available construction materials.

The team will evaluate alternative structures and techniques for storing ear and shelled maize, sorghum, millet and legume seeds; paddy rice and wheat storage will be given a lesser priority.

Nation-wide projections will be made from study of selected geographic areas and problems, to be based on contractor/GOK/USAID agreement.

(See Continuation Sheet - Page 6)

C. Technicians

(1) (a) Number	(b) Specialized Field	(c) Grade and/or Salary	(d) Duration of Assignment (Year-Months)
1	Soc. Sc /Ag. (Team Leader)	-	6
1	Ag. Engineer	-	6
1	Ag. Economist	-	6
1	Entomologist	-	6

Also, local hire staff, as necessary, including a draftsman. (Note: Types, numbers and duration of technicians are subject to revision following receipt and review of proposals)

(2) Duty Post and Duration of Technicians' Services

Nairobi and appropriate field locations - 6 Months.

(3) Language requirements

English

(4) Access to Classified Information

None

(5) Dependents

 Will Will Not

Be Permitted to Accompany Technicians

D. Financing of Technical Services

(1) By AID - \$ 204,000

(2) By Cooperating Country - \$39,000 (Equivalent)

AID 1350-1 (9-70)	Cooperating Country Kenya	PIO/T No. 615-169-3-80101	Page 6 of 13 Pages
PIO/T	Project/Activity No. and Title 615-0169 ASSP (National Crop Storage Study - Sub-Project)		

20. Equipment and Supplies (Related to the services described in Block 19 and to be procured outside the Cooperating Country by the supplier of these services)

A. (1) Quantity	(2) Description	(3) Estimated Cost	(4) Special Instructions
-----------------	-----------------	--------------------	--------------------------

The team should come equipped with a portable moisture tester, and bag probe and any equipment necessary for consideration of anti aflatoxin decontamination. Otherwise, no special equipment required.

B. Financing of Equipment and Supplies - reasonable usage fees of above items to be charged to
 (1) By AID - \$ _____ (2) By Cooperating Country - _____ contract.

21. Special Provisions

- A. This PIO/T is subject to AID (contracting) ~~(COMMODITY)~~ regulations.
- B. Except as specifically authorized by AID, or when local hire is authorized under the terms of a contract with a U.S. Supplier, services authorized under this PIO/T must be obtained from U.S. sources.
- C. Except as specifically authorized by ~~AID~~ ^{USAID/K} the purchase of commodities authorized under this PIO/T will be limited to the U.S. under Geographic Code 000. (Note: No commodity purchases now envisaged.)
- D. Other (specify): The contract will state that monthly invoices for reimbursement must be submitted to USAID/Kenya at the following address:

Controller
 USAID Mission to Kenya
 P.O. Box 30261
 Nairobi, Kenya

(See other Special Provisions on Continuation Sheet 12.)

PIO/T

Project/Activity No. and Title

615-0169 ASSP (National Crop Storage Study - Sub-Project)

22. Reports by Contractor or Participating Agency (Indicate type, content and format of reports required, including language to be used if other than English, frequency or timing of reports, and any special requirements)

The Contractor shall prepare and submit the following reports:

- A) A monthly progress reports shall be submitted by the 10 day of the month following the end of the monthly report period. This progress report may follow the contractor's own format but should provide information on the substantive and financial progress made in carrying out the study. Ten copies of this report shall be submitted to D/Dir. of Ag. MOA and ten copies to USAID/Kenya (Attn: ASSP Project Manager).
- B) Twenty-five copies of a draft Study report will be provided 10 days prior to departure from Kenya of the contractor. This draft Study report is for review/critique of USAID and GOK officials. USAID will submit comments to the contractor for guidance in preparing the final Study report.
- C) A final study report will be provided within 45 days following (a) departure of the contractor's Team Leader from Kenya; or (b) receipt of USAID/GOK comments on the draft, whichever is later. Fifty copies of the Final Study Report will be submitted to USAID/Kenya (which will furnish 25 such copies to the GOK), together with five (5) full size copies of all engineering drawings, plus one complete set of mylar (or similar) reproducible prints.

23. Background Information (Additional information useful to Authorized Agent and Prospective Contractors or Participating Agency; if necessary cross reference Block 19.C(4) above.)

- D. Anderson and D. Pfost, "Small Holder Crop Storage Problems in Kenya" and "Some Parting Thoughts", Kansas State University Study Team, March 1978.

24. Relationship of Contractor or Participating Agency to Cooperating Country and to AID

A. Relationships and Responsibilities For purposes of contracting formality, the contractor will be under the supervision of the ASSP Project Manager, USAID/Kenya. It is understood however, that the GOK has an important interest in the substance of this study and the contractor will therefore coordinate and consult fully with appropriate officials

B. Cooperating Country Liaison Official

of the GOK.

Deputy Director of Agriculture, MOA, or designee, Commissioner for Cooperatives, MOCD, or designee.

C. AID Liaison Officials

USAID/Kenya Project Manager;
USAID/Kenya Food and Agriculture Officer

PIO/T

Project/Activity No. and Title

615-0169 ASSP (National Crop Storage Study - Sub-Project)

LOGISTIC SUPPORT

2E. Provisions for Logistic Support

A. Specific Items (insert "X" in applicable column at right. If entry needs qualification, insert asterisk and explain below in C. "Comments")	In Kind Supplied By		From Local Currency Supplied By	
	AID	Cooperating Country	AID	Cooperating Country
(1) Office Space		X		
(2) Office Equipment		X		
(3) Housing and Utilities	1			
(4) Furniture	1			
(5) Household Equipment (Stoves, Refrig., etc.)	N/A			
(6) Transportation in Cooperating Country		X		
(7) Interpreter Services		X		
Other: (Specify) (8) Secretary/Clerical		X		
(9)				
(10)				
(11)				
(12)				
(13)				
(14)				
(15)				

B. Additional Facilities Available From Other Sources

All U.S. contract personnel will have access to the U.S. Embassy Health Unit and to the diplomatic pouch for letter mail services (but not packages). There is no U.S. Commissary in Kenya, and food, tobacco items, and alcoholic beverages must be purchased by contractor personnel on the open market.

C. Comments

- Contract provision. Note: It is suggested that contractor personnel resident in Kenya be encouraged or required to lease apartment with housekeeping facilities, for which per diem of approximately \$27 per day, rather than the full current "hotel" per diem of \$30 per day, would be appropriate.

(See budget on page 11 continuation sheet)

AID 1300-1 (3-63)	DEPARTMENT OF STATE AGENCY FOR INTERNATIONAL DEVELOPMENT	<input type="checkbox"/> Worksheet	<input checked="" type="checkbox"/> Issuance	PAGE 6 OF 13 PAGES	
CONTINUATION SHEET		1. Cooperating Country Kenya	2.a. Code No. 615-169-3-80101		
FORM SYMBOL	TITLE OF FORM	2.b. Effective Date	2.c. Amendment <input checked="" type="checkbox"/> Original OR No. _____		
1350-1	PIO/T	3. Project/Activity No. and Title 615-0169 ASSP (National Crop Storage Study - Sub-Project)			

Indicate block numbers.

Use this form to complete the information required in any block of a PIO or PAA form.

Block 19.B.
Continued

The study should determine the food storage and drying needs of smallholder farmers* and of cooperative societies and unions. This study should also determine the need for trucks, grain grading equipment, inspection equipment, training, technical assistance, research and extension efforts. The study should include a field survey of grain storage losses, both cereal and leguminous, from insects, molds and rodents, as well as other crop storage losses, such as for potatoes.

A prime responsibility of the food storage study team will be to assist the USAID Mission and GOK to define and detail specific donor funded activities in the area of food storage and to work with the Mission toward developing all information and analysis necessary for preparation of a Project Paper looking to FY 1980 funding by AID of an investment project or projects following on from the study.

The contractor's study is to address only the needs of smallholder farmers and cooperative union/societies; proposed assistance will not address the needs of national marketing boards.

The team also should study current practices for control of rodents and insects. If pesticides are used they should be identified and storage and application techniques should be investigated. In reporting on project opportunities the need for improving such practices should be considered.

The following activities are recommended for development of background information, establishment of working relationships, and collection of information in preparation for producing project proposals:

- A) Make a systematic review of relevant literature relating to on-farm and cooperative-level storage with emphasis on East Africa and Kenyan literature.
- B) Undertake discussion with relevant individuals with the Ministry of Cooperative Development, the University of Nairobi, Egerton College, and other foreign assistance donors.
- C) Visit the National Agricultural Laboratories, Research Stations, the UNICEF Appropriate Technology Center, Farmer/Extension Worker Training Centers, smallholder farms, Maize and Produce Board Depots, society/union facilities, maize mills and local markets.

* Smallholders in Kenya are defined as farmers with holdings of less than 20 acres. Typically, however, Kenyan smallholders cultivate, on average, six acres of land.

CONTINUATION
SHEET

FORM SYMBOL

DEPARTMENT OF STATE
AGENCY FOR
INTERNATIONAL DEVELOPMENT Worksheet Issuance

PAGE 7 OF 13 PAGES

1. Cooperating Country

Kenya

2.a. Code No.

615-169-3-80101

2.b. Effective Date

2.c.

 Original OR No: _____

3. Project/Activity No. and Title

615-0169

ASSP (National Crop Storage Study -
Sub-Project)

1350-1

PIO/T

Indicate block
numbers.Block 19 ,B
Continued

Use this form to complete the information required in any block of a PIO or PAA form.

D) Examine current research and extension efforts regarding development of smallholder on-farm storage facilities and dissemination of smallholder farmers of known crop storage technology. Also, examine research and extension activities relevant to society/union storage facilities.

E) Conduct a field survey of storage losses of cereal and leguminous grains caused by insects, rodents and molds by sampling stores of grain at farms, cooperatives, Maize and Produce Board Depots and markets. Also, determine moisture contents of grain sample. (The team should come equipped with a portable moisture tester and bag probe.)

The study team is expected to investigate and report on the following project opportunities:

1. Develop a program for storage-related training needs, including speciality skills such as agricultural engineering as well as extension personnel. Identify the personnel at all levels within the National Laboratories staff, the extension staff and other Ministry of Agriculture groups which may require further training in food storage; delineate those training needs and specify the appropriate training courses and institutions for training the personnel selected.

2. Develop a design for demonstration storage and drying units to be installed at Farmer Training Centers*. Specify the most appropriate food storage structure and grain drying equipment for use by the smallholder farmer and provide specifications, cost estimates, working drawings and operating instructions for those structures and equipment, taking into account the climatic variations within the country and to the greatest extent possible, the design of structures which utilize indigenous materials and equipment which can be fabricated locally. Structures and equipment should be specified for storing and drying ear maize in addition to threshed cereals and leguminous grains and other foods as appropriate. The number and size of each kind of storage and drying unit to be built at each Farmers Training Center should be determined.

3. Develop a design for loans to smallholder farmers to build grain storage structures (probably for both ear maize and shelled grains). Evaluate the demand by smallholder farmers for loans to build the facility types identified in Item 2 (above), identify appropriate lending institutions, recommend credit procedures for extending and monitoring assistance, also specify the technical assistance, training and supervision required to facilitate construction conforming to specifications developed in Item 2 (above). Training for construction may be given to extension personnel, farmers, carpenters and teachers at polytechnics.

* Farmer Training Centers service districts throughout the country. Districts with large farming populations may have several Centers.

DEPARTMENT OF STATE
AGENCY FOR
INTERNATIONAL DEVELOPMENT

 Worksheet Issuance

PAGE 8 OF 13 PAGES

CONTINUATION
SHEET1. Cooperating Country
Kenya2.c. Code No.
615-169-3-80101

FORM SYMBOL

TITLE OF FORM

2.b. Effective Date

2.c. Amendment
 Original OR No:

1350-1

PIO/T

3. Project/Activity No. and Title

615-0169

ASSP (National Crop Storage Study -
Sub-Project)Indicate block
numbers.

Use this form to complete the information required in any block of a PIO or PAA form.

Block 19.3.
Continued

4. Develop a design for loans to cooperative unions and societies to build/buy food storage and drying facilities and equipment. Specify the most appropriate food storage structure, grain drying and grain grading equipment for use by cooperative society/unions and provide specifications, cost estimates, working drawings and operating instructions for these structures and equipment, taking into account the climatic variations within the country. Determine the expected number of units to be build and the size required for each cooperative.

5. Develop a design for research in storage and drying of ear maize and shelled grains. Evaluate research needs related to drying, storing and marketing grains at the farm and cooperative levels. The team should determine relevant applied research areas including appropriate technology, integrated pest control, transportation, pricing problems and cooperative financial management problems. The team should specify the approximate location, institution, personnel, apparatus, equipment, supplies, expenditure and time duration of the projects.

Personnel Requirements:

It is suggested that the study team be composed as follows:

1. Team Leader.

a) Qualifications: The team leader should have an advanced degree in some branch of natural or social science relating to agriculture.

b) Experience Requirements: The team leader should have at least 10 years experience in his profession. Experience in a team leadership role is highly desirable. The incumbent must have experience in food storage problems of humid, tropical or sub-tropical countries. The leader must be familiar with the problems of agricultural change in less developed countries. The incumbent must be adept to making contacts, have the ability to communicate effectively and have the patience to work within a different system of procedure and concepts.

c) Duties and Responsibilities: The team leader will coordinate all activities of the team and will be the major point of contact between the team, GOK, donors and others. The incumbent will develop relationships with officials in MOCD, MOA and other relevant government bodies. The team leader will have primary responsibility for writing the final report.

2. Agricultural Engineer:

a) Qualifications: The agricultural engineer should have at least an M.S. in agricultural engineering.

DEPARTMENT OF STATE
AGENCY FOR
INTERNATIONAL DEVELOPMENT Worksheet Issuance

PAGE 9 OF 11 PAGES

CONTINUATION
SHEET1. Cooperating Country
Kenya2a. Code No.
615-169-3-80101

FORM SYMBOL

TITLE OF FORM

2b. Effective Date

2c. Original Amendment
OR No.

1350-1

PIO/T

615-0169 ASSP (Natural Crop Storage Study -
Sub-Project)Indicate block
numbers.

Use this form to complete the information required in any block of a PIO or PAA form.

b) Experience Requirements:

The engineer should have at least 10 years of professional experience in grain storage and drying. Experience is required in the design of structures for bagged storage and drying of grain. The engineer must be experienced in utilizing and evaluating technology appropriate for grain storage and drying in humid, tropical or sub-tropical climates.

c) Duties and Responsibilities:

Engineer will provide the design and specifications for grain storage structures for smallholders and storage and drying structures for cooperatives. The incumbent will cooperate in field surveys of storage losses and will collaborate with team in most phases of activity, providing guidance in design and conduct of the study.

d) Period of Assignment: Six Months.3. Agricultural Economist:a) Qualifications:

The agricultural economist should have at least an M.S. in agricultural economics or at least an M.S. in economics with extensive experience in agricultural applications.

b) Experience Requirements:

The economist should have at least 10 years of professional experience in agricultural marketing, with specialization in crop storage and transportation. Experience in LDC's is essential, and experience in East Africa desirable.

c) Duties and Responsibilities:

The economist will contribute economic evaluations of alternative storage, drying and transport systems under consideration by the team. The economist will provide cost/benefit analyses of project proposals developed by the team, and will cooperate with the team in most phases of its activity.

d) Period of Assignment: Six Months.

AID 1300-1 (8-68) CONTINUATION SHEET FORM SYMBOL	DEPARTMENT OF STATE AGENCY FOR INTERNATIONAL DEVELOPMENT TITLE OF FORM	<input type="checkbox"/> Worksheet <input checked="" type="checkbox"/> Issuance 1. Cooperating Country Kenya 2.b. Effective Date 3. Project/Activity No. and Title 615-0169 ASSE (National Crop Storage Study - Sub-Project)	PAGE 10 OF 11 PAGES 2.a. Code No. 615-169-3-80101 2.c. Amendment <input checked="" type="checkbox"/> Original UR No.
1350-1	PIO/T		

Indicate block numbers.

Use this form to complete the information required in any block of a FID or PAA form.

4. Entomologist:

a) Qualifications:

The entomologist should have at least an M.S. in entomology.

b) Experience Requirements:

The entomologist should have at least 10 years of professional experience in crop insects with extensive knowledge of stored grain insect problems and their control. Experience in humid, tropical or sub-tropical LDC's is highly desirable. He should also be conversant with AID's regulations pertaining to use of pesticides.

c) Duties and Responsibilities:

Entomologist will evaluate insect-control capabilities of alternative grain storage and drying structures and systems. The entomologist will aid in the design of research and training efforts where pest-control implications are evident, and will cooperate with the team in most phases of its activity.

d) Period of Assignment: Six Months.

5. Design Draftsman

a) Qualifications:

The design draftsman should be hired locally and should possess standard qualifications for high-quality drafting work.

b) Experience Required:

The design draftsman should have at least four years professional experience with specification in small-scale warehouse design.

c) Duties and Responsibilities:

The design draftsman will provide working drawings, specifications, site layout work and cost estimates for storage and drying facilities.

d) Period of Assignment:

One month beginning five months after the agricultural engineer arrives at post.

DEPARTMENT OF STATE
AGENCY FOR
INTERNATIONAL DEVELOPMENT Worksheet Issuance

PAGE 11 OF 13 PAGES

CONTINUATION
SHEET1. Cooperating Country
Kenya2.a. Code No.
615-169-3-80101

FORM SYMBOL

TITLE OF FORM

2.b. Effective Date

2.c.
 Original Amendment
OR Net

1350-1

PIO/T

3. Project/Activity No. and Title

615-0169- ASSP (National Crop Storage Study -
Sub-Project)Indicate block
numbers.

Use this form to complete the information required in any block of a PIO or FAA form.

Continuation Block 25.CBUDGET

1. Overseas salaries	2,500 x 24 mo	\$ 60,000
2. Overseas overhead (100%)		\$ 60,000
3. Home office salaries	3,000 x 1 mo	\$ 3,000
4. Home office overhead (80)		\$ 2,400
5. Fixed-fee		\$ 15,100
6. Sub-Total:		\$140,500
7. Travel		
(a) International		\$ 8,000
(b) Per diem 120 days @ 50*		\$ 6,000
(c) 600 days @ 40*		\$ 24,000
8. Transportation Personal effects		\$ 5,000
9. Transportation equipment		\$ 1,000
10. Other direct costs contingencies		\$ 11,000
11. Sub-Total (6 thru 10)		\$195,500
12. Local Sub Contract services		\$ 8,500
Total:		\$204,000

*Prevailing per diem rates should be specified in Contract, if appropriate. Present rates for American Employees are: Nairobi \$50, Mombasa \$44, Kisumu \$32, Nanyuki \$40, Voi \$42, other Kenya \$22. Temporary housing allowance \$27/day.

CONTINUATION
SHEET

FORM SYMBOL

1350-1

DEPARTMENT OF STATE
AGENCY FOR
INTERNATIONAL DEVELOPMENT

TITLE OF FORM

PIO/T

 Worksheet Issuance

PAGE 12 OF 13 PAGES

1. Cooperating Country
Kenya2.a. Cids No.
615-169-3-80101

2.b. Effective Date

2.c. Amendment
 Original OR No.

3. Project/Activity No. and Title

615-0169 ASSP (National Crop Storage Study -
Sub-Project)Indicate block
numbers.

Use this form to complete the information required in any block of a PIO or FAA form.

Block 21.D Continued

It is Mission's desire to use a direct disbursement method of payment for this contract, rather than using the usual Bank Letter of Credit procedure. Therefore, the following or similar wording should appear in the AID negotiated contract for services being provided under this PIO/T:

"PAYMENT

The Contractor shall submit monthly to the Designated paying office (The Controller, EAAC, USAID/Nairobi) a duly completed payment voucher (Form 1034) together with an invoice, Report on Financial Status of Contract (see attached format -- continuation sheet 13) and such other supporting documents as may be specified,

To ensure timely reimbursements the EAAC Controller will make monthly progress payments based upon Contractor submitted estimated cost invoices. These progress payments will be made within 20 days following receipt of the Contractor's invoice and supporting documentation specified in the paragraph above. Therefore, the Contractor will submit, at least 15 days prior to the end of each month, an estimated cost invoice for the current month of operation. Further, these estimated cost invoices shall be adjusted to reflect any deviation of actual cumulative costs against cumulative reimbursements. The final payment will be made only after receipt of all actual payment vouchers and supporting documentation."

CONTINUATION SHEET

FORM SYMBOL

1350-1

DEPARTMENT OF STATE
AGENCY FOR
INTERNATIONAL DEVELOPMENT

TITLE OF FORM

PIO/T

<input type="checkbox"/> Worksheet	<input checked="" type="checkbox"/> Issuance	PAGE 13 OF 13 PAGES
1. Cooperating Country Kenya		2.a. Code No. 615-169-3-80101
2.b. Effective Date		2.c. <input checked="" type="checkbox"/> Original <input type="checkbox"/> Amendment OR No:
3. Project/Activity No. and Title 615-0169 ASSP (National Crop Storage Study - Sub-Project)		

Indicate block numbers.

Use this form to complete the information required in any block of a PIO or PAA form.

FORMAT

Contract No. _____
Name of Contractor _____
Report of Financial Status
of Contract for the Period
Ended _____

Approved Budget _____
Contract Costs _____

Item Description	Amount	This Month	Cumulative To Date	Balance Available	Cumulative Payments Received	Estimated Costs for Up-coming Month

AID 1350-1
(7-71)

DEPARTMENT OF STATE
AGENCY FOR
INTERNATIONAL DEVELOPMENT

1. Cooperating Country

Kenya

Page 1 of 7 Pages

2. PIO/T No.

615-0169-3-80117

3. Original or

Amendment No.

PIO/T

PROJECT IMPLEMENTATION
ORDER/TECHNICAL
SERVICES

4. Project/Activity No. and Title

Agricultural Systems Support Project
615-0169

DISTRIBUTION

5. Appropriation Symbol
72-1181021.3

6.A. Allotment Symbol and Charge
843-50-615-0069-93

6.B. Funds Allotted to:

A.I.D./W Mission

AID/W 10
PROG 3
CONT 2
AGR 3
MOF 2
MCA 2
EXO/PB 3
C&R 1

7. Obligation Status

Administrative Reservation

Implementing Document

8. Funding Period (Mo., Day, Yr.)

From 7/1/79 To 12/31/79

9.A. Services to Start (Mo., Day, Yr.)

Between July 1979

and July 1979

9.B. Completion date of Services

(Mo., Day, Yr.)
October 31, 1979

10.A. Type of Action

A.I.D. Contract

Country Contract

Participating Agency

Service Agreement

Other I.O.C.

10.B. Authorized Agent

AID/W

Estimated Financing		(1)	(2)	(3)	(4)
		Previous Total	Increase	Decrease	Total to Date
\$1.00=					
11.					
Maximum A.I.D. Financing	A. Dollars	-0-	52,000	-	52,000
	B. U.S.-Owned Local Currency				
12.					
Cooperating Country Contributions	A. Counterpart				
	B. Other				

13. Mission Reference

14. Instructions to Authorized Agent

ASSP
PROAG

PSI No. 15

AID/W is requested to negotiate a contract with Practical Concepts Inc to develop and install a management system for the Agricultural Systems Support Project. Contractor is to certify that the President of the company, in fact, will devote at least three (3) days in Washington, D.C. developing the ASSP system strategy and detailing the consultancy approach with the team. All contractor employees are to work a five (5) day week.

15. Clearances - Show Office Symbol, Signature and Date for all Necessary Clearances.

A. The specific nature of the scope of work are technically adequate

AGR: W. Christenson
C.T. Hash

AGR: K.W. Eubanks

B. Funds for the services requested are available

CONT: C. Robinson

C. The scope of work lies within the purview of the initiating and approved Agency Programs

PROG: R. Orest

D.

EKO: Wm Seeger

E.

F.

16. For the cooperating country: The terms and conditions set forth herein are hereby agreed to

17. For the Agency for International Development

Glenwood P. Roane

18. Date of Signature

Signature and date: [Signature] 12/7/79

Signature: [Signature]

July 13, 1979

Title: Perm. Sec. Man of Fin. & Planning

Title: Director, USAID/Kenya

PIO/T

Project/Activity No. and Title

Agricultural Systems Support Project 615-0169

SCOPE OF WORK

19. Scope of Technical Services

A. Objective for which the Technical Services are to be Used

The objective of the "Management System Installation" Consultancy is to develop and assist ASSP personnel in operating an integrated project information system.

B. Description (A management information system.) The components of such a system include:

- inter alia:
- Summary diagrams showing ASSP objectives, key assumptions, and sub-project elements;
 - Networks depicting critical ASSP project and sub-project activities;
 - A series of project and sub-project operational bar charts for day-to-day management;
 - An implementation diagram which identifies the important management roles and responsibilities of various USAID/Kenya, GOK and contractor personnel;
 - An appropriate monitoring and reporting mechanism complete with formats and user instructions;
 - Contingency plans for critical sub-project events;
 - An ASSP implementation "team" that has worked closely with the consultants in designing and installing the system, and thus has good understanding of and sense of ownership for the component parts. (cont'd on p.6)

C. Technicians

(1) (a) Number	(b) Specialized Field	(c) Grade and/or Salary	(d) Duration of Assignment (Estimated) Days
1	Senior Management Information System Specialist and Team Leader	\$150 per day	38 days
1	Senior Resource person (Wash. D.C.)	\$180 per day	3 days
1	Project Management System Specialist	\$100 per day	28 days
1	Senior Management Specialist	\$150 per day	28 days
1	Research Assistant (Washington, D.C.)	\$ 50 per day	3 days
1	Secretary - Local Hire	\$ 40 per day	30 days
1	Draftsman - Local Hire	\$ 35 per day	18 days

(2) Duty Post and Location of Technicians' Services

Nairobi, Kenya and selected other locations in Kenya as determined by USAID officers.

(3) Language requirements

English

(4) Access to Classified Information

None

(5) Dependents

 Will

 Will Not

 Be Permitted to Accompany Technicians

D. Financing of Technical Services

(1) By AID - \$ 52,000

(2) By Cooperating Country - 0 -

PIO/T

Project/Activity No. and Title

Agricultural Systems Support Project 615-0169

20. Equipment and Supplies (Related to the services described in Block 19 and to be procured outside the Cooperating Country by the supplier of these services)

A. (1) Quantity	(2) Description	(3) Estimated Cost	(4) Special Instructions
1 (one)	typewriter IBM Correcting Selectric II, Model 875 Standard U.S. Keyboard Current: 220, 50 cycle. with one Courier 10 Pitch Element and One Prestige/Elite 12 Pitch Element	\$775	Chief of Party to transport as excess baggage
	Export Packing for above Machine		\$25
	Two dozen IBM Tech III Ribbons for above machine		\$30

B. Financing of Equipment and Supplies

(1) By AID - \$900

(2) By Cooperating Country - N/A

21. Special Provisions

- A. This PIO/T is subject to AID (contracting) (PASA implementation) regulations.
- B. Except as specifically authorized by AID, or when local hire is authorized under the terms of a contract with a U.S. Supplier, services authorized under this PIO/T must be obtained from U.S. sources.
- C. Except as specifically authorized by AID/W, the purchase of commodities authorized under this PIO/T will be limited to the U.S. under Geographic Code 900.
- D. Other (specify):

The Contractor will submit all invoices for payment to:

The Controller
USAID Mission to Kenya
P. O. Box 30261
Nairobi, Kenya

or

The Controller
Box 201 CONT
APO N.Y. 09672

Kenya

FIG/T

Project/Activity No. and Title

Agricultural Systems Support Project 615-0169

22. Reports by Contractor or Participating Agency (Indicate type, content and format of reports required, including language to be used if other than English, frequency or timing of reports, and any special requirements)

Reports required are as follows:

1. A paper presenting a monitoring and reporting system integrating project and sub-project activity, bar charts and implementation responsibility diagrams;
2. A paper suggesting contingency plans for project and sub-projects;
3. An ASSP management system manual;
4. Charts and diagrams in a quantity and size to be determined by USAID and contractor as work progresses.

The scope of work provides additional specifications for these reports.

The first drafts of required reports will be provided to USAID/GOK five days before departure of team from Kenya. Contractor senior level comments and suggestions to be provided within three weeks of team's departure from Kenya. Final reports to be sent to USAID within three weeks of receipt of USAID/GOK final comments.

23. Background Information (Additional information useful to Authorized Agent and Prospective Contractors or Participating Agency; if necessary cross reference Block 19.C(4) above.)

The USAID/Kenya Mission has recently reached an agreement with the GOK to assist in financing of a multi-faceted Agricultural Systems Support Project (ASSP No. 615-0169). The executing agency for the loan portion of the Project, totaling 23.6 million dollars, is the Ministry of Agriculture and Egerton College. Grant funded activities authorized at \$26.2 million are the responsibility of the Ministries of Agriculture, Cooperative Development, and Education as well as the Agricultural Finance Corporation. The ASSP encompasses several distinct, yet interrelated, sub-project components which fall under the headings of: Agricultural Manpower Systems Support (Egerton College, Coastal Agricultural Institute and the University of Nairobi and the Ministry of Agriculture); Range Research Support (Ministry of Agriculture); Cooperative System Support (Ministry of Cooperative Development); Storage System Support (Ministries of Agriculture and Cooperative Development); Credit System Support (Agricultural Finance Corporation).

24. Relationship of Contractor or Participating Agency to Cooperating Country and to AID

A. Relationships and Responsibilities

The contractor shall be responsible to the USAID Mission Director or his designee.

B. Cooperating Country Liaison Official

Permanent Secretary, Ministry of Agriculture or his designee

C. AID Liaison Officials

The Chief of the Agricultural Division or his designee

PIO/T

Project/Activity No. and Title
Agricultural Systems Support Project
615-0169

LOGISTIC SUPPORT

25. Provisions for Logistic Support	In Kind Supplied By		From Local Currency Supplied By	
	AID	Cooperating Country	AID	Cooperating Country
A. Specific Items (insert "X" in applicable column as right. If entry needs qualification, insert asterisk and explain below in C. "Comments")				
(1) Office Space	X			
(2) Office Equipment	N/A		X	
(3) Housing and Utilities	N/A			
(4) Furniture	N/A*			
(5) Household Equipment (Stoves, Refrig., etc.)	N/A*			
(6) Transportation in Cooperating Country			X	
(7) Interpreter Services	N/A			
Other: (8)				
(Specify) (9)				
(10)				
(11)				
(12)				
(13)				
(14)				
(15)				

B. Additional Facilities Available From Other Sources

C. Comments

- * to be covered by per diem paid to contractor employees at duty station
- 1. Duty-free privileges and Embassy medical facilities will not be provided.
- 2. Request Dr. William Johnson and/or Mr. Cameron Pippitt of AFR/DR to provide assistance in expediting procurement of services.
- 3. APO facilities will not be available to contractors. Only International mail facilities will be available
- 4. Pouch facilities may be used for transmittal of official documents relating to work performed under this contract.
- 5. Typewriter and unused ribbons to remain with project for use in operation of the management system.

DEPARTMENT OF STATE
AGENCY FOR
INTERNATIONAL DEVELOPMENT Worksheet Insurance

PAGE 6 OF 7 PAGES

CONTINUATION
SHEET1. Cooperating Country
Kenya

2.a. Code No.

FORM SYMBOL

TITLE OF FORM

2.b. Effective Date

2.c.

Amendment

 Original OR No.

PIO/T

PIO/T 615-0169-3-80117

3. Project/Activity No. and Title

Agricultural Systems Support Project
615-0169Indicate block
numbers.

Use this form to complete the information required in any block of a PID or FAA form.

19. B.

Specific Activities include the following:

1. Develop initial ASSP diagrams of objectives, assumptions, and key sub-project elements. Visit major ASSP sub-project locations with key GOK and USAID personnel;
2. Refine ASSP objectives, diagram them and develop networks for the sub-projects;
3. Develop operational bar charts for sub-project and project activities;
4. Develop implementation responsibility diagrams for key actors and activities;
5. Develop a monitoring and reporting system which integrates the objective diagram, the bar charts, and the implementation responsibility diagrams;
6. Develop contingency plans for the projects and sub-projects;
7. Prepare an ASSP management system manual incorporating formats and instructions for the various management system components;

As a special requirement conduct the final Team briefings on use of the Management Information System.

FOLLOW-UP TRIP TO NAIROBI:

1. ASSP Project Manager receives comments and suggested revisions from PCI Senior Level staff person;
2. Review management system with ASSP Project Management Team (USAID & GOK);
3. Make refinements in system as required;
4. Revise management system manual as required.

DEPARTMENT OF STATE
AGENCY FOR
INTERNATIONAL DEVELOPMENT Worksheet Issuance

PAGE 7 OF 7 PAGES

CONTINUATION
SHEET1. Cooperating Country
Kenya

2a. Code No.

FORM SYMBOL

TITLE OF FORM

2b. Effective Date

2c. Original Amendment
OR No.

PIO/T

PIO/T 615-0169-3-80117

3. Project/Activity No. and Title

Agricultural Systems Support Project
615-0169Indicate block
numbers.

Use this form to complete the information required in any block of a PIO or PAA form.

Block 25.C.
(Cont'd)Illustrative Budget IQC Basis

Direct Labor Subject to Multiplier

1 Senior M.I.S. Specialist	38 days @ \$150	\$5,700
1 Project Mgmt. Specialist	28 days @ \$100	\$2,800
1 Senior Mgmt. Spec.	28 days @ \$150	\$4,200
1 Research Assistant (Washington)	3 days @ \$50	\$ 150
Total		\$12,850

Estimated Salaries, Overhead and
Profit (based on above; Est. Multiplier 2.2)

\$28,270

Reimbursable Direct Labor

1 Senior Resource Person (president of company in Washington)	3 days @ \$180	\$ 640
Overhead @ 33%		\$ 572
1 Secretary - Local hire	30 days @ \$40	\$1,200
1 Draftsman - Local hire	18 days @ \$35	\$ 630

\$ 3,042

Other Direct Cost

4 R.T. DC/Nairobi @ \$2,000		\$8,000
Per Diem: 85 days @ \$50 per day		\$4,250
8 days transit @ \$6		\$ 48
Commodities - including transport		\$1,100
Miscellaneous (supplies, communication, printing, machine hire, car hire, excess baggage, etc.)		\$1,600

\$14,998

Contingencies (2 percent)

\$ 5,557

Total

\$51,867

Rounded to \$52,000

DEPARTMENT OF STATE
AGENCY FOR
INTERNATIONAL DEVELOPMENT

Kenya **6150169**

2. PIO/T No. **615-0169-2-80127**

3. Original or
Amendment No. _____

PIO/T

PROJECT IMPLEMENTATION
ORDER/TECHNICAL
SERVICES

4. Project/Activity No. and Title **615-0169
Agricultural Systems Support Project
(Kiboko Range Research)**

DISTRIBUTION

5. Appropriation Symbol **72-1181021** 6.A. Allotment Symbol and Charge **043-50-615-00-69-03** 6.B. Funds Allotted to: A.I.D./W Mission

AID/W
SER/CM/ROD
CONT
PROG
AGR
ILD
OFP

7. Obligation Status
 Administrative Reservation Implementing Document
8. Funding Period (Mo., Day, Yr.)
From **3/1/80** to **6/30/81**
9.A. Services to Start (Mo., Day, Yr.)
Between **3/15/80** and **6/15/80**
9.B. Completion date of Services
(Mo., Day, Yr.)
9/30/81
10.A. Type of Action
 A.I.D. Contract Cooperating Country Contract Participating Agency Service Agreement Other
10.B. Authorized Agent

Estimated Financing		(1)	(2)	(3)	(4)
		Previous Total	Increase	Decrease	Total to Date
36	11. Maximum A.I.D. Financing				
	A. Dollars		\$26,000		\$26,000
	B. U.S.-Owned Local Currency				
12. Cooperating Country Contributions	A. Counterpart				
	B. Other				

13. Mission References
O/AG 169-1-802
SI 05
DA/PASA /KEN-157-8-73
14. Instructions to Authorized Agent The purpose of this document is to authorize AID/W to arrange for the Short-Term consultant services of Mr. Jon M. Scovlin (U.S. Forest Service) for approximately 4 months under PASA AG/KEN-157-8-7 with the U.S. Department of Agriculture. Mr. Scovlin's commitments with the USDA permit him to be available for the work required under this PIO/T ~~document~~ for the period approximately April 15, 1980 to August 15, 1980. It is therefore essential that the PASA be amended to provide for his services no later than April 1, 1980. USDA should also be advised of the expected PASA amendment immediately after receipt of this PIO/T by the appropriate Contract Officer. Except as specified herein, all other terms and conditions remain the same as in the original PASA (AG/KEN-157-8-73), as amended.

15. Clearances - Show Office Symbol, Signature and Date for all Necessary Clearances.

A. The specifications in the scope of work are technically adequate AGR: <i>JL</i> 1, CTHash, DChristenson	B. Funds for the services requested are available CONT: GRobinson <i>GR</i> 2/8/80
C. The scope of work lies within the purview of the initiating and approved Agency Programs PROG: DD'Antonio <i>DD</i> 2/8/80	D. <i>WPS</i> 2/11/80 EXO: WSeeger
E. <i>WPS</i> 2/17/80 D/DIR: AHerrick	F.

16. For the cooperating country: The terms and conditions set forth herein are hereby agreed to Signature and date: <i>[Signature]</i> 15/2/80 Title: Perm. Sec. Min. of Livest. Dev.	17. For the Agency for International Development <i>[Signature]</i> Signature: Glenwood P. Roane Title: Director, USAID/Kenya	18. Date of Signature 2-20-80
---	--	----------------------------------

[Signature] 20/2/80 Permanent Secretary, Office of the Vice-President, MOF
[Signature] 16/2 Perm. Sec. Min. of Agr.

AID 1380-1 (9-70)	Cooperating Country Kenya	PIO/T No. 615-0169-2-80127	Page 2 of 9 Pages
PIO/T	Project/Activity No. and Title 615-0169 Agricultural Systems Support Project (Kiboko Range Research)		

SCOPE OF WORK

19. Scope of Technical Services

A. Objective for which the Technical Services are to be used To provide the Ministry of Livestock Development with information on the current ecological status of rangeland sites throughout Kenya and develop a practical method of assessing the effects that alternative rangeland development and grazing management strategies have on the rangeland resources.

1. Background (From analyzing Long-term Changes in Rangeland Conditions - Kenya. See Block 23.D.)

The Range Management Division, Ministry of Agriculture, Government of Kenya, was created in 1964 for the purpose of protecting and managing the valuable rangeland resources of the nation. With this began the process for development of a total rangeland program. To help implement this program the UNDP Range Project began in 1966.

From that beginning, large-scale rangeland development has been underway in Kenya. Several programs have been cosponsored with the Government of Kenya through bi-lateral and multi-lateral aid projects under the auspices of the United Nations.

(Cont'd p.6)

C. Technicians

(1) (a) Number	(b) Specialized Field	(c) Grade and/or Salary	(d) Duration of Assignment (Months)
1	Rangeland Ecology Monitoring Specialist	\$12,750 ^{1/}	4

^{1/} Based on \$150.00 per work day for 85 work days.

(2) Duty Post and Duration of Technicians' Services

Nairobi, but approximately 70 per cent of the time will be spent at various other sites throughout Kenya. Duration of assignment will be 4 months.

(3) Language requirements

None

(4) Access to Classified Information

N/A

(5) Dependents Will Will Not Be Permitted to Accompany Technician

D. Financing of Technical Services

(1) By AID - \$ 26,000 (2) By Cooperating Country - -0-

AID 1350-1 (9-70)	Cooperating Country Kenya	PIO/T No. 615-0169-2-80127	Page 3 of 9 Pages
PIO/T	Project/Activity No. and Title 615-0169 Agricultural Systems Support Project (Kiboko Range Research)		

20. Equipment and Supplies (Related to the services described in Block 19 and to be procured outside the Cooperating Country by the supplier of these services)

A. (1) <u>Quantity</u>	(2) <u>Description</u>	(3) <u>Estimated Cost</u>	(4) <u>Special Instructions</u>
------------------------	------------------------	---------------------------	---------------------------------

The USDA will be provided under the PASA amendment with up to \$400 to be used by the technician for the purchase and delivery to Kenya of necessary equipment, supplies and materials required by the technician for carrying out his work. A portion of these funds may also be used by the technician for the purchase of miscellaneous materials in Kenya. A method of payment for these items under the PASA (such as reimbursement to the technician) should be arranged between the USDA and technician and must be in accordance with AID regulations. Maximum flexibility is recommended, however, since this is a minimal amount.

All equipment purchased with these funds will become the property of the GOK upon completion of the technician's services in Kenya.

B. Financing of Equipment and Supplies

(1) By AID -- \$ 400

(2) By Cooperating Country -- N/A

21. Special Provisions

- A. This PIO/T is subject to AID (excepting) (PASA implementation) regulations.
- B. Except as specifically authorized by AID, or when local hire is authorized under the terms of a contract with a U.S. Supplier, services authorized under this PIO/T must be obtained from U.S. sources.
- C. Except as specifically authorized by AID/W, the purchase of commodities authorized under this PIO/T will be limited to the U.S. under Geographic Code 000.
- D. Other (specify):

AID 1350-1 (9-70)	Cooperating Country Kenya	PIO/T No. 615-0169-2-80127	Page 4 of 9 Pages
PIO/T	Project/Activity No. and Title 615-0169 Agricultural Systems Support Project (Kiboko Range Research)		

22. Reports by Contractor or Participating Agency (Indicate type, content and format of reports required, including language to be used if other than English, frequency or timing of reports, and any special requirements)

The PASA technician will be responsible for preparing a complete report on the results of his consultant work in Kenya. In addition to covering each of the items contained in Section 19, the report should contain a section commenting on the likely effects of the ongoing AID funded National Range and Ranch Development Project (615-0157) and the Livestock Development Loan (615-0160) on the range resources in the areas where these projects are being implemented. This section should also make recommendations from the rangeland ecology standpoint, as to how these projects could be improved.

Fifteen copies of the final report, including recommendations, should be provided to the USAID for distribution in Kenya within 60 days of the technician's departure from Kenya.

The technician will also be required to prepare any interim reports requested by the MLD and will provide the MLD and USAID with copies of all relevant information (data, maps, photos, etc.) used for and collected during his consultancy.

The technician will submit a draft report to and be prepared to discuss the findings of his consultant work with GOK and USAID officials a minimum of 2 days prior to his departure from Kenya.

23. Background Information (Additional information useful to Authorized Agent and Prospective Contractors or Participating Agency; if necessary cross reference Black 19.C(4) above.)

- (a) The Project Papers (PROP and CAP) and amendments for the NRRD Project (615-0157) and Livestock Development Loan (615-T-008 and 008A).
- (b) End of Tour Reports submitted by previous PASA Range Management technicians in Kenya.
- (c) The Utah State University and Devres in - depth evaluation reports on the NRRD Project.
- (d) Previous correspondence between Mr. Scovlin and the Kenya Ministry of Agriculture (now the Ministry of Livestock Development), including Analyzing Long-Term Changes in Rangeland Condition, Kenya - A Research Monitoring Project Proposal submitted by Mr. Lucas Ayuko, Head of Range Management.
- (e) Other Kenya rangeland ecology monitoring information already available to Mr. Scovlin.

24. Relationship of Contractor or Participating Agency to Cooperating Country and to AID

A. Relationships and Responsibilities The technician will be responsible to and under the direction of the Head of the Range Management Branch, Ministry of Livestock Development, or his designee. His work will be coordinated closely with that of other institutions and Kenya government agencies involved with rangeland ecology monitoring work, including KREMU.

B. Cooperating Country Liaison Official

(cont. p.8)

Mr. Lucas Ayuko, Head, Range Management Branch, Ministry of Livestock Development, and D.M. Thairu, Director of Research, Ministry of Agriculture, or his designee.

C. AID Liaison Officials

Chief, Agriculture Division, USAID/Kenya or his designee.

AID 1350-1 (9-70)	Cooperating Country Kenya	PIO/T No. 615-0169-2-80127	Page 5 of 9 Pages
PIO/T	Project/Activity No. and Title 615-0169 Agricultural Systems Support Project (Kiboko Range Research)		

LOGISTIC SUPPORT

25. Provisions for Logistic Support	In Kind Supplied By		From Local Currency Supplied By	
	AID	Cooperating Country	AID	Cooperating Country
A. Specific Items (Insert "X" in applicable column at right. If entry needs qualification, insert asterisk and explain below in C. "Comments")				
(1) Office Space		X		
(2) Office Equipment		X		
(3) Housing and Utilities N/A ^{1/}				
(4) Furniture N/A				
(5) Household Equipment (Stoves, Refrig., etc.) N/A				
(6) Transportation in Cooperating Country		X		
(7) Interpreter Services		X		
Other: (Specify) (8) Secretarial Services		X		
(9) Money Exchange Facilities	X ^{2/}			
(10) International Travel	X			
(11) Counterpart/assistant		X		
(12) Per Diem	X ^{1/}			
(13) Driver/Technician		X		
(14)				
(15)				

B. Additional Facilities Available From Other Sources

- U.S. Government dispensary facilities are available.
- A.P.O. facilities will be available in accordance with the regulations in effect at the time of implementation. The APO address for the technician while in Kenya is: NAME; BOX 202 - AGR; APO NEW YORK 09675.

C. Comments

1/ The contract should include funds for per-diem allowance for the technician while working on the evaluation in Kenya, while enroute, and while attending his pre-departure meetings in Washington, D.C.

2/ The USAID will assist in arranging check cashing facilities in Kenya. The technician should have at least \$2,000 in his checking account prior to departure from the U.S. The PASA should authorize the USDA to advance the technician up to 75% of this amount, plus whatever salary advance and/or per-diem advance is considered appropriate by the USDA. The technician should also have pre-paid international air travel tickets to and from Nairobi, Kenya prior to departure from the U.S. and a minimum of \$200 in U.S. dollar travelers' checks.

The USAID will not assist the technician in obtaining travel or per-diem advances or payments from his employer, the USDA.

(continued Pg.9).

CONTINUATION SHEET

FORM SYMBOL

PIO/T
PIOT

DEPARTMENT OF STATE
AGENCY FOR
INTERNATIONAL DEVELOPMENT

TITLE OF FORM

PROJECT IMPLEMENTATION ORDER
/TECHNICAL SERVICES

Worksheet Issuance

PAGE 6 OF 9 PAGES

1. Cooperating Country
Kenya

2.a. Code No. 615-0169-2-80127

2.b. Effective Date

2.c. Original OR Amendment No. _____

3. Project/Activity No. and Title 615-0169
Agricultural Systems Support Project
(Kiboko Range Research)

Indicate block numbers.

Use this form to complete the information required in any block of a PIO or PAA form.

Block 19.B.
(Cont'd)

(FAO), United Nations Development Program (UNDP), the International Bank for Reconstruction and Development (IBRD), and the separate governments of North America, Europe, the Nordic countries, etc.

th increased activity in development programs--land use survey and
dication, staff recruitment, loan administration, and installation
or range livestock practices--there has been little opportunity to
assess the effects initial rangeland development strategies are having
on the basic resources of range forage and soils. Initial stocking
rates and estimates of grazing capacity were, for the most part, based
on judgment and available experience.

Within the past few years, several agencies and institutions have
installed networks of range monitoring stations in Kenya with the object
of assessing long-term rangeland changes. These groups include the
Range Management Division (RMD), the International Livestock Center
for Africa (ILCA), Kenya Ecological Monitoring Unit, (KREMU), the
United Nations Environmental Program (UNEP), and the United States
Agency for International Development (USAID). The new monitoring
units, however, do not have sufficient lapse time between inventories
from which to interpret the naturally slow successional changes
induced by ungulate grazing.

The problem is that the Government of Kenya needs to know the effects
that early development strategies are having on the basic rangeland
resources. It also needs to have a simple, accurate method for predic-
ting the effects that grazing strategies and stocking rates have on
rangelands.

This proposal is to reinventory 25 permanent transects throughout Kenya
to describe the current ecological status of the range plant succession.
The data collected will be analyzed using the techniques suggested by
the UNDP Range Project in order to validate this method for predicting
the outcome of development schemes on the rangeland resource.

This proposal also has as one of its main purposes to provide other
monitoring groups with long-term ground truth data on which to better
interpret changes in their future reinventories. It will present data
of inventoried changes on transects which were installed and observed
as early as 1957. All 25 stations were completely reinventoried in 1970.

AID 1300-1 (8-63)	DEPARTMENT OF STATE AGENCY FOR INTERNATIONAL DEVELOPMENT	<input type="checkbox"/> Worksheet <input checked="" type="checkbox"/> Issuance	PAGE <u>7</u> OF <u>9</u> PAGES
CONTINUATION SHEET		1. Cooperating Country Kenya	2 - Code No. 615-0169-2-80127
FORM SYMBOL	TITLE OF FORM	2.b. Effective Date	2.c. <input checked="" type="checkbox"/> Original OR No. _____
PIO/T	PROJECT IMPLEMENTATION ORDER/ TECHNICAL SERVICES	3. Project/Activity No. and Title 615-0169 Agricultural Systems Support Project (Kiboko Range Research)	

Indicate block numbers.

Use this form to complete the information required in any block of a PIO or PAA form.

Block 19.B.
(Cont'd)

During the course of this project, District Range Officers (DRO's) will be provided an immediate assessment of the status of schemes from which the data was collected. Their participation in on-site data collection will furnish them an added element of scientific training.

Eventually this project would provide the Government of Kenya and development donor agencies a measure of the effectiveness of rangeland improvement projects in terms of levels of use for sustained livestock production and it could identify opportunities for potential improvement in rates of return on capital investments.

In summary, this proposal would provide the Range Management Division, Ministry of Agriculture (now the Ministry of Livestock Development), with information on the current ecological status of rangeland sites throughout Kenya and a method for assessing the effects of grazing strategies on rangeland resources. The results of this project could make a significant contribution to the Range Management Branch in its goal of protecting and managing the Rangeland Resources of Kenya.

2. Principal Investigator (From Analyzing Long-term Changes in Rangeland Conditions - Kenya. See Block 23. D.)

Jon M. Skovlin, Range Scientist and Project Leader, Range and Wildlife Habitat Laboratory, Pacific Northwest Forest and Range Experiment Station, U.S. Department of Agriculture, Forest Service, Route 2, Box 2315, La Grande, Oregon, U.S.A.

Because of his previous experience and familiarity with the technical details of this project, it is recommended that the principal investigator be name requested to accomplish the tasks outlined in this proposal. He possesses copies of field notes and locations, base data, and copies of the original photography necessary to accomplish the project as proposed.

3. Scope of Services

The scope of the services to be provided will include, but not limited to:

(a) In conjunction with the Ministry of Livestock Development (MLD) and other institutions concerned with rangeland monitoring in Kenya, prepare a detailed plan as to how the required work will be conducted and coordinated in the available time frame.

AID 1300-1 (8-03)	DEPARTMENT OF STATE AGENCY FOR INTERNATIONAL DEVELOPMENT	<input type="checkbox"/> Worksheet	<input checked="" type="checkbox"/> Issuance	PAGE 8 OF 9 PAGES	
CONTINUATION SHEET		1. Cooperating Country Kenya		2.a. Code No. 615-0169-2-80127	
FORM SYMBOL		TITLE OF FORM	2.b. Effective Date		2.c. <input checked="" type="checkbox"/> Original OR <input type="checkbox"/> Amendment No.:
PIO/T		PROJECT IMPLEMENTATION ORDER/ TECHNICAL SERVICES	3. Project/Activity No. and Title 615-0169 Agricultural Systems Support Project (Kiboko Range Research)		

Indicate block numbers.

Use this form to complete the information required in any block of a PIO or PAA form.

Block 19.B.
(Cont'd)

(b) Provide the MLD with information on and interpretation of current rangeland conditions and recent trends (based on the reinventory of approximately 25 permanent rangeland trend transects throughout Kenya) This will include the following:

- (i) Analysis of rangeland trend data based on standards previously developed for the GOK by the UNDP Range Program.
 - (ii) Validate the UNDP methodology for predicting the outcome of development schemes on the rangeland resources.
 - (iii) Develop for the GOK a simple accurate method for predicting the effects that grazing strategies and stocking rates have on the rangelands.
 - (iv) Provide monitoring groups with long-term ground truth data on which to better interpret changes in their future reinventories.
 - (v) Estimate grazing capacity.
 - (vi) Assess long-term rangeland changes.
- (c) Through their active participation, provide range management, development, and monitoring staff with scientific training in range monitoring, data collection and interpretation, and range trend assessment.
- (d) Assess the various agencies and institutions involved in rangeland monitoring and make recommendations as to how they can be better coordinated and managed.
- (e) Establish new transects in desired areas, including the North Eastern and Coast Provinces.
- (f) Review the effectiveness of current rangeland improvement projects in terms of levels of rangeland use for sustained livestock production in Kenya.

Block 24.A.
(Cont'd)

ILCA, the Range Management Branch range trend units, and Kiboko Range Research Station.

AID 1300-1 (8-63)	DEPARTMENT OF STATE AGENCY FOR INTERNATIONAL DEVELOPMENT	<input type="checkbox"/> Worksheet	<input checked="" type="checkbox"/> Issuance	PAGE <u>9</u> OF <u>9</u> PAGES	
CONTINUATION SHEET		1. Cooperating Country Kenya	2.a. Code No. 615-0169-2-80127		
FORM SYMBOL		TITLE OF FORM	2.b. Effective Date	2.c. <input checked="" type="checkbox"/> Original OR Amendment No.:	
PIO/T		PROJECT IMPLEMENTATION ORDER /TECHNICAL SERVICES	3. Project/Activity No. and Title 615-0169 Agricultural Systems Support Project (Kiboko Range Research)		

Indicate block numbers.

Use this form to complete the information required in any block of a PIO or PAA form.

Block 25. C.
(Cont'd)

<u>Budget Estimates</u>	<u>Amount</u>
(1) Salary (85 work days at \$150 per work day)	\$12,750
(2) Air Fare	2,400
(3) Per diem (125 days at \$50.00 per day)	6,250
(4) Equipment, materials and supplies	400
(5) Reproduction costs and other miscellaneous costs	400
(6) Contingencies and inflation	600
(7) Overhead costs	3,200
 Estimated Total Costs	 \$26,000 ^{1/}

1/

Estimated total cost of technical assistance to be used from the PASA Agreement, as amended



UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
U.S.A.I.D. MISSION TO KENYA

6150169- (8)

PD-AAC-705

89.

Office of the Director.
P. O. Box 30261.
Nairobi, Kenya.

September 11, 1978

Permanent Secretary
Ministry of Finance and Planning
P.O. Box 30007
Nairobi

Permanent Secretary
Ministry of Agriculture
P.O. Box 30028
Nairobi

Permanent Secretary
Ministry of Cooperative Development
P.O. Box 30547
Nairobi

General Manager
Agricultural Finance Corporation
P.O. Box 30367
Nairobi

Subject: AID Project No. 615-0169 - Agricultural
Systems Support Project, Implementation
Letter No. 1

Gentlemen:

I am pleased to send you this letter which sets forth the procedures for utilizing the Loan and Grant funds (the Assistance) and provides information to assist you in implementing the Agricultural Systems Support Project in accordance with the Project Agreement. While we have tried to cover the major operational issues involved in carrying out the Project, additional questions will undoubtedly arise. Please be assured that my staff and I share your desire to see the Project completed promptly and efficiently and that we will be available at all times to assist in any way possible.

This Letter and its attachments may be supplemented or modified by subsequent Implementation Letters issued from time to time as may be required. Nothing in this Letter or its attachments alters the scope of the Project Agreement or the terms of the specific sections referred to or explained in this Letter.

Throughout this Letter the following abbreviations will apply:

"Government" means the Government of Kenya.

"A.I.D." refers to the Agency for International Development.

"USAID/K" means the U.S. Agency for International Development Mission to Kenya.

I. The Project - Article 2

Annex 1 of the Project Agreement contains an amplified description of the Project and Annex 2 sets forth the cost estimates of all principal components as well as the source of financing. In addition, the relevant portions of our Project Paper, which formed the basis for the approval of this Assistance by AID, contain a detailed description of the Project.

Please note that Attachment I, to this Letter, Implementation Plan, was developed jointly with the several Government agencies responsible for Project Implementation. Of special importance, Attachment I sets forth the mode of contracting for all goods and services proposed for the Project. May we suggest that appropriate Government officers review this plan as soon as convenient and provide us with a copy of any recommended changes. We note in this connection that one of the first major steps in the plan is for the Government to select a local consultancy team for the Architectural and Engineering work for the Egerton College Expansion. You are reminded that, per Section 5.4(b)(i) of the Project Agreement, AID must approve this(these) contract(s) prior to our making funds available for the Egerton expansion; therefore, please submit copies in draft to USAID/K for review and approval prior to execution. AID approval of such contract(s) would focus principally on scope of work, schedules and adequacy to meet project goals. AID also reserves the right to review, at a later time, any relevant sub-contracts.

Also, another top priority action is the preparation of the Scope of Work and the AID implementing document (PIO/T) for the contract covering the technical assistance for Egerton College. This assistance includes a provision for U.S. teaching staff, academic training for Egerton's Kenyan teaching staff and the recruitment of a highly qualified procurement/administrative officer, who presumably would be an American, to be responsible for processing the procurement requirements related to the expansion as well as to provide administrative support to the U.S. teaching staff. This technical assistance is planned to be provided from a U.S.

university or, more likely, a consortium of U.S. universities, perhaps to include a U.S. minority institution. USAID/K staff will assist staff members from the responsible implementing agency in preparing these necessary implementing documents.

Mr. Kevin O'Donnell, of our Office of Multisector Coordination and Technology Transfer, is designated the USAID/K Project Manager and will be responsible for assisting Government on behalf of the Mission during the initial stages of project implementation (advertisements, contracting and the like). We expect that Mr. O'Donnell will later be succeeded by Mr. Kenneth Eubanks, soon to undertake duties as Chief of USAID's newly established Food and Agriculture Office. Please advise us of the name of the person who will have overall coordinating responsibility for carrying out the Project for the Government. In this regard, we consider it especially important for the Government to designate an overall coordinator because of the magnitude, complexity and multi-agency aspects of this Project. Among other duties, we would expect that the Coordinator would be the focal point for general questions and compilation of the Quarterly Reports (see Section VII.C. of this Letter).

II. Financing - Article III

To assist the Government to meet the costs of carrying out the Project, A.I.D. expects to provide its Loan and Grant financing assistance in increments. See Section 2.3 and 3.1 of the Agreement, which we trust are self-explanatory. Thus, while Grant funding of \$3,000,000 is now available, life-of-project Grant funding of \$26,118,000 can be anticipated. Similarly, \$20,200,000 in Loan funding is presently available, with total project Loan financing anticipated to be \$23,600,000. In both instances, incremental funding is subject to availability of funds to A.I.D. and mutual decisions at the time to proceed.

It is A.I.D.'s current best estimate that the incremental Grant and Loan funding being made available at this time will be adequate to permit timely commencement of work under all contracts, procurement and other activities eligible for ASSP funding. As indicated above, necessary further funding is expected to follow in due course during our fiscal year 1979 and subsequent years.

Pursuant to Section 3.2, Government will provide resources, including costs borne on a cash or an "in-kind" basis, in

an amount not less than that stated in Section 3.2 of the Project Agreement. The Government also agrees* to provide additional funds or resources required to complete the Project should the amounts stated in Section 3.2 prove to be inadequate.

III. Project Assistance Completion Date - Section 3.4

For the purpose of this Project Agreement, the Project Assistance Completion Date (PACD) for all components of the Project identified in Article 2 of the Project Agreement is March 31, 1985. The PACD refers to that date by which work under all contracts, or all work for which reimbursement will be sought, will have been performed. The importance of the PACD is that no Letter of Commitment or other commitment documents, or amendments relating thereto, shall be issued in response to requests received by A.I.D. after the PACD, except as A.I.D., for good reasons shown, may otherwise agree in writing.

IV. Conditions Precedent to Disbursement of the Loan and the Grant - Article 5

The Conditions Precedent to any disbursement of the Assistance for any Project component are to be found in Section 5.1 of the Project Agreement; these are A.I.D.'s standard and minimum Conditions Precedent. In addition, several actions must be taken prior to any disbursement, or the issuance of any commitment documents, under the Project Agreement to finance any of the Project's separate components; these are:

(a) the Additional Conditions Precedent for the Agricultural Manpower Systems Support (AMSS) disbursements are to be found in Section 5.3;

(b) the Additional Conditions Precedent for the Egerton College disbursements are to be found in Section 5.4;

(c) the Additional Conditions Precedent for the Range Research System Support (RRSS) disbursements are to be found in Section 5.5; and,

(d) the Additional Conditions Precedent for the Agricultural Finance Corporation (AFC) disbursements are to be found in Section 5.6.

We trust the Project Agreement is clear that once the Conditions Precedent in Section 5.1 are satisfied, financing of the various studies identified in Section 5.1(b) may proceed immediately. It

* See Section 3.2(a) of the Project Agreement

is especially in Government's interest to start these special studies as soon as practical since they would form the basis for a Project Paper revision which could be prepared to seek additional Assistance for capital construction costs for a new Agricultural Institute and the expansion of the University of Nairobi Faculty of Agriculture, if found feasible and desirable. Any assistance which A.I.D. might provide for follow-on financing of these two institutions cannot, of course, be assured at this time; but will be subject to future decision regarding feasibility and funds availability.

Conditions Precedent relative to various components are intended to be independent of each other; thus, delays, if any, relative to one component of the Project would not impede implementation of any other component.

Although all Conditions Precedent are largely self-explanatory, the following information is provided to assist you:

A. Legal Opinion - Section 5.1(a)(1)

An outline to assist your counsel in preparing the legal opinion required by this section is contained in Attachment A to this Letter.

B. Evidence of Authority of Government's Representatives - Section 5.1(a)(2)

Please furnish a letter indicating the name(s) of the person(s) who will represent the Government in accordance with the terms of this section and Section 9.2 of the Project Agreement, together with a certified specimen of the signature of each such person. Also, as noted in Section 9.2 of the Agreement, the Government may from time to time, and for certain purposes, designate additional authorized representatives.

C. Additional Conditions Precedent to Disbursement - AMSS Component - Section 5.3

The Government should send to USAID/K a letter specifying what actions have been undertaken, and are to be undertaken, with regard to the American Technical Assistance Corporation (ATAC) Report dated March 1978, entitled "Professional and Sub-professional Agricultural Manpower in Kenya." This letter should include the present status of actions taken and what and when future actions are planned. In view of the importance of the ATAC Study, we would

expect to see Government's planning with respect to each ATAC recommendation (numbers 1 through 26) addressed in reasonable detail, especially where for good reason Government anticipates following a different course of action.

Concerning Section 5.3(b), we wish to make clear that all AID direct contracts relative to the ASSP activity will be discussed and concurred in by concerned Kenyan officials as to scope of work and the like at appropriate times prior to their execution.

D. Additional Conditions Precedent to Disbursement -
Egerton College - Section 5.4

Prior to the first disbursement, or the issuance of any commitment documents under this Agreement, for the Egerton College component of the Project, the Government should furnish to USAID/K a letter containing appropriate assurances that all requisite administrative, academic and maintenance staff for Egerton College will be provided on a timely basis. This letter also should set forth, briefly, a five year financial plan, by source and use of funds, for these services.

Further, prior to any disbursement to finance construction costs for Egerton College, the Government should submit to USAID/K for approval its proposed contract (to be funded with Government's own funds) for architectural and engineering services; and, thereafter, a complete set of final plans, specifications and bid documents for the proposed construction. USAID/K must review and give approval to these latter documents before start of work, for the construction and related services to be eligible for payment from AID funds. Also, while not a condition precedent to disbursement, USAID/K would appreciate receiving a preliminary set of construction documents when available for review. This process should eliminate any major discrepancies during final review.

In addition to the construction documents, the Government should furnish USAID/K its plans for providing supervisory and monitoring services for this construction. The plan should contain details as to Egerton College's own technical staff assigned to the Egerton construction, as well as to engineers and construction technicians that are, and will be made, available to the Project on a timely basis by others.

**E. Additional Conditions Precedent to Disbursement - RRSS
Component - Section 5.5**

This section requires the Government to furnish USAID/K two separate statements:

First, either a Ministerial Memorandum establishing the Range Research Advisory Committee or a letter giving the names of the Committee members. It is suggested that the committee include representatives from the Ministry of Agriculture Range Management Division, the Scientific Research Division and other Ministry entities having a special interest in, or concern with, range research as well as representatives of the University's Faculty of Agriculture, Egerton College and AHITI. Evidence should be submitted indicating that this committee is functional and that it will have regularly scheduled meetings and appropriate terms of reference.

Secondly, a statement should be sent to USAID/K specifying what actions the Government will undertake with regard to the report of the American Technical Assistance Corporation dated November 1977, entitled "Agriculture Research in Kenya," specifically the "Summary" of that document. This statement should include the present status of actions taken to date and what and when future actions are planned. Similar to the requirement under Section 5.3 (discussed above), we would expect Government to address each ATAC recommendation in reasonable detail.

**F. Additional Conditions Precedent to Disbursement - AFC
Component - Section 5.6**

The provisions of this Section are largely self-explanatory. Again, ATAC's planning with respect to each recommendation of the Management Study should be dealt with in appropriate detail.

G. Terminal Dates for Conditions Precedent - Section 5.8

Pursuant to Section 5.1, please note that the Conditions Precedent to Disbursement of the Loan and the Grant are required to be met within 90 days from the signing of the Project Agreement, or by November 30, 1978. Conditions specified in Section 5.3 through 5.6, except for Sub-section 5.4(b), shall be met within four(4) months from the signing of the Project Agreement or by February 28, 1979. Conditions specified in Sub-section 5.4(b) shall be met within 15 months of the signing of the Project Agreement or by November 30, 1979. Extension of any of these dates would require a written request and good justification. Therefore, and in the interest of expeditious Project Implementation, we urge that Government work toward the timely satisfaction of all Conditions Precedent.

IV. Covenants - Article 6

This Article describes certain specific undertakings by the Government relevant to Project Implementation. They are:

A. Project Evaluation - Section 6.1

This section sets forth, as further elaborated in Annex 1 (Amplified Project Description) of the Agreement, the requirements for annual evaluations of the Project. Since the Government and AID consider the evaluation process desirable to measure and assess, inter alia, the impact of the assistance effort, A.I.D. has provided that a portion of the cost of project evaluations will be financed from the A.I.D. Grant. Evaluations will be conducted under direct A.I.D. contracts; whether they will be conducted by a consulting firm, or pursuant to other arrangements, will be the subject of further discussions between Government and USAID. The arrangements, once agreed on, will be confirmed by a subsequent Project Implementation Letter.

B. Other Special Covenants - Section 6.2 through 6.5

While the requirements and/or further discussions of these Special Covenants will be reflected in subsequent Project Implementation Letters, the Special Covenant of Sub-section 6.2(a)(1) is of such importance that it is addressed at this time. It is advisable for the Government to start developing, relatively soon, and to submit to A.I.D., preferably by late October or sooner, the Ministry of Agriculture (MOA) and the Ministry of Cooperative Development (MOCOD) training plans discussed in Attachment I, paragraph V.C.4. The Covenant specifies that the MOA and the MOCOD will submit annual training plans to A.I.D. for approval. (Initially, the MOCOD plan should draw upon specialized training needs which have been identified and a more definitive plan submitted after the proposed "Cooperatives Professional and Sub-professional Manpower and Training Study" has been completed.) Briefly, the training plans should provide the following information for each trainee candidate to insure that the training results in a positive contribution to Kenya's national development, that the training is in accord with the Government and AID development strategies, and that the potential impact on the poor majority and women has been considered:

1. The nominee's current position, location and function.
2. The training field and program proposed.
3. The constraint currently being experienced by the MOA or MOCOD because a certain individual (or job category) is lacking specified skills. (This section should make clear why the subject training is considered to be important.)

4. The position, location and function to be assumed by the officer upon completion of training.
5. The benefits to be derived from the subject training. (This section should also indicate the degree to which the newly trained individual will be directly or indirectly involved in activities which impact upon the smallholder farmer or the marginal areas of Kenya.)

Training programs may include in-country programs at such institutions as the Kenya Institute of Administration, Egerton College, and the University of Nairobi provided that such training is in addition to (not a substitute for) training already being financed or planned to be financed, by the Government. U.S. training may include short-term study tours, non-academic training, and long-term academic training. Third-country programs, in Code 941 countries, will be eligible for AID financing.

V. Procurement Source - Article 7

A discussion of AID's procurement provisions and procedures must take into account Section 7.1 and 7.2 of Article 7, Procurement Source, of the Project Agreement, as well as Article C. Procurement Provision, of Annex 3 to the Project Agreement. To facilitate a clear understanding of AID's procurement provisions, the discussion of these parts of the Project Agreement are presented in one section of this Letter. Please refer to Section VIII of this Letter for this discussion.

VI. Disbursement - Article 8

Dollar payments for Foreign Exchange costs under the Loan will finance procurement from Geographic Code 941 countries. Dollar payments under the Grant will finance procurement of goods and services from the United States, except for those specific items enumerated in Sub-Article 7.1(d) as further defined in Section VIII of this Letter.

Local procurement under the Loan and Grant will be from Kenyan source and origin, except as enumerated in Article 7.2 and further discussed in Section VIII below, and will be reimbursed by AID in Kenyan shillings.

A. Disbursement for Foreign Exchange Costs - Section 8.1

A.I.D. anticipates that the United States dollar costs of the Project will be disbursed through either the Direct Payment procedure or the Letter of Commitment procedure. **These methods of**

payment and documentation required by A.I.D. are described in Chapters IE, 2E and 3F of Attachment B, C and D, respectively. Requests for A.I.D. to make arrangements for payment of specific project costs will be submitted by A.I.D., in consultation with the Government, taking into consideration the feasibility and costs of the payment method for the type of transaction involved. Attachment E, Disbursement of Loan Funds, Letter of Commitment Procedure, provides additional information on the use of the Letter of Commitment method. We wish to also note that when that method of payment is used, each Letter of Commitment will cover banking charges of the U.S. Bank to which the Letter of Commitment is issued.

B. Disbursement for Local Currency Costs - Section 8.2

AID disbursement procedures for financing local costs (including consulting services) and the documents required in this connection are described in Attachment F.

C. Terminal Date for Requests of Commitment Documents and for Disbursements

Except as the Government and AID may otherwise agree in writing, no Letter of Commitment or other Commitment Document, or amendments thereto, shall be issued in response to requests received by AID after March 31, 1985, pursuant to Section II of this Letter and Section 3.3 of the Project Agreement, and no disbursements shall be made against such documentation received by AID or any bank described in Section 8.1 three months after the PACD date.

Annex 3

Combined Loan and Grant Project

Standard Provisions

VII. General Covenants - Article B

A. Utilization of Goods and Services - Section B.3

Please refer to Section VIII-C, below

B. Taxation - Section B.4

Certain AID policies regarding the application of the Government's tax laws to AID-financed activities are summarized here to clarify the application of this section of Annex 3. All of the types of taxes referred to may not be in effect in Kenya and other taxing measures not discussed herein may exist.

1. AID requires that contracting firms and individuals financed under the Assistance be exempt from levies or taxes in the nature of income or social security taxes. Such an exemption, however, is not required for local (Kenya) contracting firms or for contracting individuals or contractor personnel who are citizens or permanent residents of Kenya. For your information, AID's taxation requirements with regard to contracts financed by AID appear on page 1-22 of Attachment B, page 2-22 of Attachment C and page 3-21 of Attachment D. Firms and individuals considered to be "local" are defined on page 1-31 of Attachment B and on page 2-35 and 2-36 of Attachment C. Under the plan for the project as presently conceived, the exemption from tax would apply to non-local firms providing procurement and consulting services.

2. It is also required that any commodities (equipment, materials or other goods) imported into Kenya by an AID-financed contractor for use on or incorporated into the project or imported in connection with any AID-financed transaction be exempted from import duties and tariffs.

3. Where commodities located in Kenya are purchased in AID-financed transactions or by an AID-financed contractor for use on or incorporation into the project, AID, subject to agreement on rules and procedures, would agree to the purchaser's paying sales, excise and similar taxes, if AID funds were not used to finance the taxes; for example, a procedure could be devised whereby Government billings to AID for reimbursement would be net of any such taxes. Taxes of the type mentioned in this paragraph would in essence have to be financed by the purchaser or with the Government's or other funds not provided under the loan. Further, we do not believe (in response to Government's inquiry) that payment or absorption by Government of such taxes should appropriately be considered in computing Government's project contribution pursuant to Section 3.2 since (a) taxes thus paid or absorbed would represent no real outflow of Treasury resources and (b) Government's estimated contributions have been carefully calculated in the project preparation process and achievement of project objectives might be impeded were these specific contributions reduced by credit for taxes paid.

4. Commodities (including equipment and materials) held by AID-financed contractors for use on or incorporation in the project, are required to be exempt from personal property, use and similar taxes.

5. Contracting individuals and employees of contracting firms, other than citizens or permanent residents of Kenya, together with their dependents, are to be permitted to import duty-free their

personal and household effects, including one automobile per family, provided that such property is delivered to a carrier for shipment to Kenya within three months of the arrival in Kenya of the individual or his family, whichever is later. Duty-free vehicles purchased under this provision may also be bought from a Government-approved or registered bonded warehouse through an established commercial dealer.

6. Where duty-free import privileges are required, there may be no duty or levy imposed in connection with the subsequent export of unconsumed duty-free property or with the sale of such property to a person having duty-free privileges. Conversely, duty and local taxes may be assessed upon the sale in Kenya of such property to any person not having duty-free privileges.

C. Reports - Section B.5

Except as requested by AID in future Implementation Letters, the reports required under this section shall include the following: Quarterly Progress Reports; Quarterly Shipping Reports; and certain other special reports as may be required. See Attachment I, Section A.2 to this Letter, for details as to currently required project reporting. Four copies of all reports should be sent to the Director, USAID Mission to Kenya, P.O. Box 30261, Nairobi.

1. Quarterly Progress Reports

A quarterly report providing statistical information on the physical and financial progress in carrying out the project will be required in Attachment G. Please include in the report a cumulative comparison of local and foreign exchange procurement costs financed under the Loan and Grant and figures (quarterly and cumulative) showing the Government's contribution to the project.

The first report presenting data from inception of activities under the Assistance through December 31, 1978, is to be submitted by January 30, 1979. Subsequent reports, on a quarterly basis, covering three-month periods thereafter, are to be submitted within 30 days after the end of the reporting period.

2. Quarterly Shipping Reports

Please provide a quarterly report on shipping as described in Attachment H, within 45 days after the end of the reporting period. The first report presenting accumulated information from the signing of the Project Agreement through March 31, 1979, should be submitted by May 15, 1979.

3. Other Reports

AID may, from time to time, require other reports from the Government. Please also report to the USAID/K as soon as known, any major unfavorable or adverse developments which may affect the progress of any given activity of the Project.

D. Information and Marketing - Section B.8

Pursuant to this section, arrangements are to be made to place signs at the Egerton College construction project sites bearing the "Hand Clasp" emblem. Two photographs of such signs indicating their location should be submitted to USAID/K with the first Quarterly Progress Report. In addition, Assistance-financed goods and shipping containers should also be marked with this emblem. Please refer to Attachment C, pages 2-41 and 2-42, and Attachment D pages 3-33 and 3-34 for further information about complying with the requirements of this section.

VIII. Procurement - Article C

AID guidelines for financing the procurement of Professional and Technical Services, Construction Services, and for Equipment and Materials are contained in Attachment B, C and D, respectively. All procurement under the Assistance will be carried out in accordance with these guidelines, except as AID may otherwise agree in writing.

The following discussion of AID's procurement provisions takes into account Article 7 (Section 7.1 and 7.2) of the Project Agreement, as well as Article C, Annex 3, to the Project Agreement. (Please refer to Section V of this Letter.)

A. Foreign Exchange Costs - Section 7.1

Pursuant to this section, the source and origin of U.S. dollar procurement of Loan-funded goods and services will be those countries included in Code 941 of the AID Geographic Code Book as in effect as of the date orders are placed or contracts entered into for such goods and services.

At present, Code 941 includes: the United States and any other independent country in the "Free World" excluding Kenya, for the purpose of this Assistance, and the following:

Europe

Andorra	Iceland	Norway
Austria	Ireland	Portugal
Belgium	Italy	San Marino
Berlin, West	Liechtenstein	Spain
Denmark	Luxembourg	Sweden
Finland	Malta	Switzerland
France	Manaco	United Kingdom
Germany, West	Netherlands	Vatican City

Other

Algeria	Iraq	Saudi Arabia
Australia	Japan	Somali Republic
Canada	Kuwait	South Africa
Congo (Brazzaville)	Libya	Southern Rhodesia
Cyprus	New Zealand	South Yemen
Greece	Qatar	United Arab Emirates

Hong Kong

Code 935, as in effect at the date of this letter, includes all countries in the world except the following:

Union of Socialist Republics (USSR), Albania, Bulgaria, Czechoslovakia, East Germany, Estonia, Hungary, Latvia, Lithuania, Rumania, Poland, Vietnam, North Korea, China (Mainland and other Chinese Communist-controlled areas), Outer-Mongolia, Cuba and Cambodia.

The source and origin of Grant-funded goods and services will be U.S. and Kenya, except that AID will permit the procurement of eight project field vehicles for the Kiboko Range Research Station from Code 935 sources rather than from the U.S. only. This waiver of A.I.D. procurement regulations is granted in view of the remoteness of the Kiboko site and the difficulty of servicing and maintaining at that site relatively unfamiliar U.S. vehicles.

B. Local Currency Procurement Costs - Section 7.2

Pursuant to this section, the source of local currency Assistance-funded goods and services shall be the country of Kenya, with one exception:

AID recognizes that some of the construction material to be used in the Egerton College expansion, while purchased locally, may not meet AID's componentry requirements as specified in Attachment D, Section 3.E. Therefore, the requirements set forth in Attachment D, paragraph 3.E.2.b(i) are waived to allow local purchase of construction materials where the value of components of Code 935 country origin for such material exceed 50 percent of the total value. The material, while not an all inclusive list, includes reinforcing steel, PVC tiles, electrical cables, water pipes, and steel casement windows and doors.

Such goods financed under the Assistance will be paid for in Kenya shillings.

C. Utilization of Goods and Services - Section B.3

Goods and Services financed under the Assistance may not be used to promote or assist a foreign aid project or activity associated with or financed by a country not included in Code 935 of the AID Geographic Code Book.

D. Definitions

1. Source and Origin

With respect to equipment and materials, the "origin" thereof is the country in which such equipment or material was mined, grown, or produced and the "source" thereof is the country or territory from which such commodity was shipped to such free port or bonded warehouse.

2. Goods and Services

Goods are considered as a produced commodity. Services, for the purpose of this Assistance, are primarily identified with technical (engineering and evaluation) construction and procurement service contracts. Services are also commodity-related such as insurance, ocean freights and/or incidental services. Insurance means a policy of insurance including marine liability, or any performance or other bond eligible for financing. Incidental services could be for such items as equipment installation and personnel training in connection with equipment purchases.

The application of source and origin criteria to the three types of commodity-related services is as follows: In the case of insurance, the source and origin is the country in which such insurance is placed, paid for and from which the policy is issued. With respect to ocean or air freight, it means

the flag of the carrier or aircraft. Incidental services are considered identical to the source of the equipment to which the services relate.

E. Special Rules - Section C.1

1. Any motor vehicles financed under the Assistance will be of U.S. manufacture, except as waived in Sub-Section VIII.A of this Letter or as AID may later otherwise agree in writing.

2. Transportation by air, financed under the Grant, of property or persons (and their personal effects) will be on carriers holding U.S. certification, to the extent service by such carriers is available.

3. Marine insurance on goods financed by AID which are to be transported to Kenya may be financed under the Assistance if furnished by U.S. firms, local firms, or Code 941 ("other eligible source country") firms, pursuant to the requirements of Section C.7 and Section J., below. AID understands in this regard that Government has recently adopted a policy whereby marine insurance would normally be placed with firms located in Kenya. AID would be pleased to discuss application of this policy to the Assistance, noting that Section VIII.C.7 below does call for marine insurance, to be eligible under the Assistance, to be placed at a competitive rate, to be payable in convertible currency and to be procured on a basis which does not discriminate against U.S. insurance carriers.

F. Eligibility Date - Section C.2

No goods or services may be financed pursuant to orders or contracts firmly placed or entered into prior to the date of this Agreement.

G. Plans, Specifications and Contracts - Section C.3

This section of Annex 3 details AID's provisions for the receipt and approval of plans, specifications, contracts and other documents financed under the project.

Please note that USAID/K's written approval is required of all plans, specifications, solicitations, bids, contracts, and other documents relating to goods and services financed under the Assistance prior to their issuance.

USAID/K's approval of contracts not financed by the AID Assistance, but relating to activities financed thereunder, is not required at present, except for the architectural and Engineering contract for the Egerton College Expansion. However, copies of all contracts shall be submitted to AID for information purposes.

U.S. standards and measurements will be required only where appropriate and practicable and only for commodities procured from the U.S.

H. Notification to Potential Suppliers - Section C.5

In the interest of giving U.S. firms an opportunity to participate in the procurement of goods and professional, technical and construction services financed under the Assistance, as well as providing the Government with added assurance that all Assistance-financed goods and services are being procured at reasonable prices, the notification procedures described in Chapter 1.B of Attachment B, Chapter 2.B of Attachment C, and in Chapter 3.B of Attachment D, should be used whenever possible in the course of procuring goods and/or services.

I. Shipping - Section C.6

1. Items otherwise eligible for financing and the Assistance will not be so financed if shipped on transportation ~~means~~ owned or controlled any country not included in Geographic Code 935. (See Section VIII.C of this Letter for ineligible countries not included in Code 935). In addition, no dollar-financed goods may be transported on any ocean vessel which AID in a notice to the Government has designated as ineligible to carry dollar-financed goods.

2. Freight charges on U.S. or Kenya country carriers only (ocean vessels, aircraft, rail or truck) are eligible for A.I.D. financing in dollars. Kenyan source inland freight charges (aircraft, rail, truck) may be financed under that Assistance and are local currency costs. Section C.6 also provides that (1) at least fifty percent (50%) of the gross tonnage of all goods (computed separately for dry bulk carriers, dry cargo liners and tankers) financed by the Assistance which may be transported on ocean vessel must be transported on privately-owned United States flag commercial vessels, and (2) at least fifty percent (50%) of the gross freight revenue generated by all shipments financed by AID and transported to Kenya on dry cargo liners shall be paid to or for the benefit of privately-owned United States flag commercial vessels.

3. The Quarterly Shipping Report covering compliance with this provision of the Assistance is described in Section VII.C.2 of this Letter and in Attachment G.

J. Marine and Inland Insurance - Section C.7

The cost of marine and inland insurance is eligible for AID dollar financing if procured in Geographic Code 941 countries or Kenya; provided that:

1. claims thereunder are payable in U.S. dollars or in other freely convertible currency; and

2. the insurance is placed on a competitive basis in accordance with sound commercial practices.

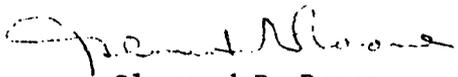
See also the discussion under Section VIII.E.3 above relative to possible placement of marine insurance with Kenyan carriers.

K. Excess Property - Section C.8

A.I.D. expects from time to time to discuss with Government the possibility of use on the Project of suitable U.S. Government owned excess property. Such use would represent a saving of Assistance funds and, assuming suitability of the items available, should be considered seriously by Government.

USAID/K looks forward to working with the Government and to assisting in every way possible to ensure a successful program.

Sincerely,



Glenwood P. Roane

cc: Permanent Secretary, Ministry of Education
P.O. Box 30040, Nairobi

Vice-Chancellor, University of Nairobi
P.O. Box 30197, Nairobi

Principal, Egerton College
Njoro

- Attachments:
- A. Guide to Counsel for Preparation of Legal Opinion
 - B. Handbook 11, Chapter 1, Country Contracting, Procurement of Professional and Technical Services
 - C. Handbook 11, Chapter 2, Country Contracting, Procurement of Construction Services
 - D. Handbook 11, Chapter 3, Country Contracting, Procurement of Equipment and Materials
 - E. Letter of Commitment Procedures
 - F. Local Currency Expenditure Procedures
 - G. Format for Quarterly Progress Report
 - H. Format for Quarterly Shipping Report
 - I. Implementation Plan
 - J. Projected Expenditures and Obligations

A. Administrative Arrangements

1. Government of Kenya

a. Agricultural Manpower

The GOK agency responsible for implementation of the Egerton College, Coast Institute, and agriculture training fund is the Ministry of Agriculture. Direct responsibility for the Egerton College expansion has been assigned to Egerton College. To assist Egerton College to prepare and process the lengthy list of materials and equipment to be procured under this component, AID will provide through a host-country technical assistance contract a full-time procurement and administrative officer to be based at Egerton College.

The GOK agency responsible for the implementation of the University of Nairobi expansion is the Ministry of Education. Direct responsibility for the university expansion has been assigned to the Faculty of Agriculture, University of Nairobi.

b. Range Research

The GOK agency responsible for this component is the Ministry of Agriculture.

c. Credit

The GOK agency responsible for the credit component is the Agricultural Finance Corporation.

d. Cooperatives

The GOK agency responsible for this component is the Ministry of Cooperative Development.

e. Storage and Marketing

The GOK agency responsible for implementation of the storage component is the Ministry of Agriculture.

2. Reports

There are a number of reports required under both loan and grant financing, responsibility for which shall be as specified below:

- a. Egerton College, acting for the GOK, shall submit the following reports required under the loan, the contents of which will be spelled out in Project Implementation Letters (PIL's):

- 1) Quarterly progress report.
 - 2) Quarterly shipping report.
 - 3) Final report on the Egerton College expansion.
 - 4) Other reports as required by AID, including annual work plans and maintenance plans and annual audits of College finances, as they relate to the Project.
- b. The GOK entities indicated below shall provide the following reports for grant-financed activities:
- 1) MOA and MOCD - Annual training plans for the agriculture and cooperatives training funds to be prepared by the Ministries of Agriculture and Cooperative Development, respectively. USAID will assist as may be necessary.
 - 2) Range Research
 - a) A range research inception report to be prepared by the MOA Division of Scientific Research, Officer-in-Charge of the National Range Research Station (Kiboko) and U.S. contract team leader during the latter's four-to-six week TDY, beginning o/a January or February 1979.
 - b) An initial range research implementation plan to be refined during June-September 1979 by the U.S. team leader, the Officer-in-Charge at Kiboko, and a social anthropologist, preferably a Kenyan, covering a three-year period.
 - c) Annual research reports to be prepared by the U.S. team leader and Officer-in-Charge at Kiboko for submission to the MOA Scientific Research Division and RRAC,* covering progress in implementing the range research implementation plan and proposed revisions, and extending the research plan to cover another year.
 - d) Annual training plan, including counterpart training, for range research participants.
 - e) Equipment procurement plan by December 1979.
 - f) Also by December 1979, an in-service training plan covering types and frequencies of seminars, field days, in-service courses, etc. for MOA range staff and pastoralists.
 - g) By the end of the second year of research project activity the same two individuals responsible for c) through f) above should prepare a "systems plan" outlining ways to integrate the various research components into a comprehensive whole for use in alternate range management systems.

* Range Research Advisory Committee

- 3) AFC - The training advisor working with AFC management, his/her counterpart (-s), and other U.S. staff should develop an in-country training plan within four months of arrival.
- 4) Other reports as may be required by AID and/or the GOK, including semi-annual contractor reports, final contractor reports, and reports of various studies financed with grant financing.

3. AID

USAID/Kenya has necessary delegations of authority to implement this project. For AID implementation purposes most ASSP components will be housed in the USAID's Food and Agriculture Office:

B. Implementation Arrangements

1. Egerton College Expansion

a. Technical Assistance

In order to provide the large number and widely specialized technical assistance teaching staff required during the College's expansion phase, a competitively-bid host-country contract will be let with a U.S. consortium of universities. Participation of a minority institution in the consortium would be welcomed. A consortium is considered superior to a single university due to the large number (28) of positions to be filled. Furthermore, the selected consortium will be responsible for providing and supervising academic training for 43 of Egerton's staff.

All contracting will be undertaken at post, relying upon the services of the REDSO Contracting Officer. All prospective bidders will be encouraged to make an on-site inspection of Egerton College before preparation of their proposals. Proposals will be reviewed by AID and the GOK, and close collaboration is expected during the negotiation of the contract. Following receipt of proposals, a site visit by AID and GOK representatives to bidders' headquarters may be desirable before bidders are order-ranked.

Immediately following execution of the contract the contractor will send one senior staff member (the anticipated team leader would be the optimal choice) to Egerton College in order to:

- 1) Review with the College the exact teaching requirements and translate these requirements into clearly defined specialities and degree levels. While a thorough review of staffing requirements has been prepared and is considered a reasonably firm estimate of required staff, the review has not provided sufficient detail to allow a contractor to begin recruiting. It is expected that the U.S. staff will include mostly individuals with Ph.D training. There are, however, certain positions which will require no more than an M.A or which require more practical experience in lieu of advanced academic training. A final staffing review will also determine exactly which specialities are required,

2) Review with the College the exact phasing of technical assistance. The provision of technical assistance and the training of Kenyan staff are closely interwoven, and it will, therefore, be necessary to review the College's training schedule, department by department; staff position by staff position, in order to insure that the U.S. technical assistance provided is both timely and appropriate.

3) Review the College's plant and equipment. Effective recruiting requires considerable knowledge of the job to be performed and the situation in which it is to be performed. The contractor must be familiar with both the academic requirements of the College as well as the anticipated physical facilities which the U.S. staff should expect to find at Egerton. Since the U.S. staff presence will be considerable during the height of the build-up, it is necessary that the staff recruited fits well into the Egerton educational environment and is fully aware of the work and living conditions.

The contractor will prepare an Inception Report which will be discussed with and approved by Egerton College and AID. This report will detail the teaching positions to be filled, the qualifications required, and the phasing of technicians' arrivals.

b. Training

The contractor's Inception Report (see above) will also include a detailed schedule of academic training for the Kenyan staff. Training should be handled in a similar fashion to that for the Range Research component as described below.

c. Construction

Architectural and Engineering Design

As part of the GOK's contribution to project costs, the GOK will enter into a contract with a team of Kenya-based consultants, headed by an architectural firm as is the normal practice in Kenya, for the preparation of all architectural and engineering design, construction bid documents, and site supervision during the construction phase, including a clerk of works (resident engineer).

AID will review the qualifications of the local consultants and the GOK will submit to AID the agreement between the GOK and the consultant team as a condition for loan disbursement. AID will review and approve the preliminary plans prepared by the consultant team. If deemed necessary to assist the Mission in reviewing work completed at this stage, TDY services of an educational architect will be engaged for 30 days.

When approximately 60 percent of the final drawings are completed (final complete drawings still lacking), estimated to be four months after final design work has begun, AID will review progress to date. AID will approve design work undertaken to date.

As a condition of loan disbursement, AID will review the final plans and bid documents prepared by the consultant team.

At each stage of the review, AID will examine the preliminary, draft, and final plans to insure that the proposed construction is appropriate to Egerton needs, that the basic plan and philosophy laid

down in the Miller/Mutiso reports are being followed 1/ that construction designs are, for modest structures, complying with AID's space utilization guidelines,^{2/} and that estimated construction costs are modest and reasonable.

Construction Materials and Fixed Equipment

Specifications and quantity determinations will be made by a Quantity Surveyor, working with the architectural design team. At the 60 percent design-completion point, the Quantity Surveyor (Q.S.) will begin preparing the required specifications for construction materials and built-in fixtures. The items which are locally available (Kenya source and origin) will be so designated. Certain items, such as reinforcing steel, are of Kenyan source manufactured from imported ingots or local scrap. An accurate determination of Kenyan value-added to such materials cannot be made; therefore, a waiver of the component rule has been provided.

Building materials and equipment not of Kenyan source and origin (or not with at least a substantial Kenyan value added) will be listed by the Q.S. In order to facilitate the procurement of such materials and equipment, it is intended that the construction contractor be nominated as the consignee. The authorized procurement will be by AID Geographic Code 941 and will be carried out in accordance with the procedures set forth in AID Handbook II. A procurement agent, such as the Afro-American Purchasing Center, will be used and purchases will be funded under the loan. In order to insure that purchased materials meet the architect's requirements the procurement agent will:

- 1) Request bids for the items identified by the Q.S.,
- 2) Review all bids and forward the eligible and reasonable bids to USAID/Kenya and the GOK-hired consultants to insure that items meet necessary specifications, and
- 3) Upon instructions from the GOK, the procurement agent will place orders with supplying agents.

d. Movable Equipment

To equip the classrooms, laboratories, and other facilities specifications will be prepared by Egerton College and the U.S. technical assistance staff for the precise equipment required. AID will review and approve all procurement lists. Procurement will be through a procurement agent, such as the Afro-American Purchasing Center, and will be financed by AID loan funds.

1/ J. Miller. Egerton College Expansion Project. March 1978.
Mutiso Menezes International. Master Plan Study Report.
Expansion of Egerton College. April 1978.

2/ As discussed with College officials.

2. Coast Institute

AID will contract for the academic and technical feasibility studies directly, using competitive bidding procedures. The successful contractor will be expected to subcontract locally for needed architectural support services. USAID and the MOA will coordinate closely on the PIO/T.

3. Faculty of Agriculture

Contracting for the Stage 1 academic and technical feasibility studies shall be as for the Coast Institute with USAID and the Faculty acting as the responsible parties. Given the short duration of the Faculty studies, however, the two should be implemented concurrently. Also use of the same contractor for both the Coast Institute and Faculty studies appears desirable.

4. MOA and MOCD Training Funds

The respective ministries will each submit an annual training plan to USAID and the Directorate of Personnel Management. For each training position the plans should briefly provide the information as specified in the text of this Project Implementation Letter.

General training fields to which AID assigns a high priority under the MOA Training Fund include: Agriculture Research; Agriculture Economics and Farm Management; Animal Husbandry; Agriculture Education, Education Economics, Education Technology and Communications; Rural Sociology; Public Administration and Project Management, and Agriculture Engineering. Preference for nominees will be given to women, native Masai and Somali speakers, and employees of the MOA with two or more years of service. Training programs may include in-country programs, U.S. training or third country programs in Code 941 countries using the same guidelines specified for the MOCD grant in the PIL, above. The grant for the MOA, while computed in terms of U.S. academic training, can be allocated by the Ministry between any of the specified training programs or as agreed to by AID in the annual training plan.

All participant training will be on a direct-AID basis and handled by the USAID Training Officer in coordination with responsible staff from USAID's Food and Agriculture Office.

5. Cooperatives

a. Studies

Because some individuals, such as the Cooperative Education specialist, will be utilized on several studies and other project activities and because some study results will feed into other reviews, scheduling of study teams and services is critical. Given a ProAg signing in August 1978 (as accomplished) and initial CP's satisfied o/a November, the Cooperative Education specialist should arrive o/a March and the Cooperatives Education and Training Evaluation should begin the same month, ending in May. The manpower survey should, then, begin in June with the Cooperative College academic and technical feasibility studies following in September. The tightness of this schedule, and the need for close coordination, suggests use of one contractor for all studies; while a different contractor would furnish all advisory personnel other than the Cooperative Education specialist, who would be furnished by the "studies" contractor. Competitive bidding would be the basis for solicitating proposals.

For each of the above studies, draft versions of the final reports must be ready in sufficient time before departure of study team personnel to enable 1) full discussion and review, first, with USAID and second with the GOK, and 2) revision of the draft as may be necessary prior to departure. Where possible, the USAID considers it preferable to have the final report in hand before the teams have all departed given the interrelationships of many of the studies, the tight scheduling, and the studies' importance to the GOK.

b. Technical Assistance

TA personnel and their proposed scheduling for the cooperatives component are as follows:

- 1) Cooperative Education specialist - two years beginning March 1979.
- 2) Cooperative Business Management instructor - 18 months beginning June 1979.
- 3) Cooperative Credit specialist - seven months beginning June 1979.
- 4) Cooperative Training Materials specialist - total six months over two visits of three months each, the first beginning October 1979, the second, June 1980.
- 5) Cooperative Education Audio-Visual specialist - six months beginning January 1980.

These* should likely be contracted from a single source. Given the desired timing for arrival of the above, a University contractor may not be the most appropriate, assuming recruitment is from on-campus sources.

c. Contracting

For the cooperatives component, AID contracting is considered most appropriate. Reasons for this choice are the MOCD's inexperience with U.S. and AID contracting to date, the workload which would otherwise be placed on REDSO/EA and USAID staff for host country contracting under other ASSP components, and the need to proceed urgently with the studies and contracting related thereto.

6. Credit-Agricultural Finance Corporation

Three advisors (Internal Audit, Credit Review and Financial Management) are currently on the job under a direct AID contract with ACIDI. It will be important to initiate necessary documentation (solicitation of proposals) as soon as possible to assure continuity. (The Financial Manager's contract expires in December, the Internal Auditor's in February, and the Credit Review Advisor's in March.)

The proposed Training Advisor should be recruited as soon as possible so that he can begin organizing the AFC training office and contribute to this project's participant training component. A February 1979 ETA will be sought. The Data Processing advisors should also be recruited as rapidly as possible to avoid a large gap between the departure of the German Team and their arrival. A February 1979 ETA will be sought for at least one of these advisors with the second arriving as soon as practical thereafter. The Loans Appraisal trainer should be scheduled for April 1979 to allow time for the overall Training Advisor to settle in and establish the new training office through which this trainer will operate.

Participant training will not be added to the new contract but will continue under direct AID financing and procedures.

7. Range Research

Technical assistance experts and participant training are to be provided under a host-country contract with a U.S. university. Title XII provisions of the FAA seem well suited to this component, and possibly also to the Egerton College expansion. The contract will be competitively bid. Ideally, the university contractor should come from an area of the West or Southwest with range conditions similar to those in Kenya. As with the Egerton expansion all contracting shall be carried out in-country by the REDSO/EA Contracts Officer and USAID staff. These AID personnel shall also be responsible for any local contracting, such as for the Kenyan sociologist or computer services, which may be necessary.

* other than the Cooperative Education specialist.

While training will be contract-financed, the USAID Training Officer can provide pre-departure briefings for participants. The team leader should consult and coordinate with the Training Officer on training procedures, AID requirements, and short-term courses available under AID arrangements. USAID feels it would be appropriate for the contractor to place participants in several U.S. colleges and universities as was done by Colorado State University under contract AID/Afr-790.

Commodity procurement for the range research component will be done by the USAID for items to be procured locally while AAPC will undertake off-shore procurement. The contract team leader with the Officer-in-Charge of the Kiboko National Range Research Station and the USAID officer managing this component will be responsible for preparation of commodity procurement lists by December 1979.

USAID is not specifying under the range research component that potential contractors visit Kenya for an on-site inspection of Kiboko prior to submitting their bids. However, the Mission does believe that familiarization may be useful. The USAID expects, however, that preparation of the contractor's inception report will offer an opportunity to review the proposed research to be undertaken with the GOK, to review proposed contractor staffing and its phasing, to discuss participant and counterpart training content and timing, to view the Kiboko facility, and to become familiar with the living conditions for contract staff and their families so as to facilitate recruitment and project implementation.

8. Contractor Orientation

Mission experience with the other projects has demonstrated that when large numbers of TA personnel are recruited for a project and arrive together much can be gained from their orientation by GOK and USAID project and other staff at the time of arrival. This will be particularly true for ASSP given the linkages between components described earlier and the consequent need for close contacts among and between component contractor staffs. Therefore, USAID expects to hold such orientation sessions, involving GOK officials, which will focus on the nature of the ASSP project, ASSP component cross-relationships, GOK agriculture programs and emphases, the AID bilateral program in Kenya and the AID target group, contractor relations with GOK counterparts and USAID project management and training staff, divisions of responsibility between USAID and the GOK, reporting requirements, and other subjects judged important. When possible, orientations will be held simultaneously for staff of all contracts, but at a minimum the respective contract team leaders will be asked to participate in orientation of each others staffs.

9. Logistic Support

The responsibilities of the GOK and USAID for such support are clearly indicated in both Project Paper and Annex 1 of the Project Agreement.

Beyond that, all U.S. contract personnel will have access to the U.S. Embassy health unit and to the diplomatic pouch for letter mail services (but not packages). There is no U.S. Commissary in Kenya, and food, tobacco items, and alcoholic beverages must be purchased by contractor personnel on the open market. As indicated earlier, range research personnel may need to do much, if not all, of their shopping in Nairobi.

There is an International School, covering grades one to twelve, in Nairobi, but it does not have boarding facilities. Other schools in or near Nairobi do have such facilities, but there are waiting lists for entrance. Contract team leaders for the range research and the Egerton College T.A. team should investigate these during their pre-implementation visits.

10. Disbursement Procedures

a. Loan

1) Foreign Exchange

The GOK will select a procurement agent, presumably the Afro-American Purchasing Center per the above, to implement the FX procurement for the Egerton College expansion. Accordingly, disbursement will be made under the Direct Letter of Commitment method now being used with AAPC. Otherwise, the Standard Letter of Commitment method will be used.

2) Local Costs

Local costs will be reimbursed to the GOK for eligible project expenditures based on actual costs.

b. Grant

AID grant funds will finance technical assistance for the various ASSP components through either host-country or direct-AID contracts as indicated above. Disbursement procedures are discussed in the ProAg and Implementation Letter.

Commodity procurement financed with grant funds will presumably be made either through AAPC, utilizing Direct L/Com procedures, or locally by the USAID per the above.

11. Procurement Plan

To facilitate procurement of equipment and spare parts from off-shore sources it is intended that a procurement agent be utilized, such as AAPC, for the Egerton College expansion and part of the range research component. Procurement will be carried out in accord with AID Handbook II - Country Contracting. Further details regarding commodity procurement are as follows:

a) Egerton Equipment and Furnishings

All such materials shall be procured from AID Geographic Code 941 with the exception that all vehicles must be of U.S. manufacture.

b) Range Research

All procurement shall be from the U.S. and Kenya. Vehicles may be of European manufacture.

c) Spare Parts

Provision for procurement of fast moving spare parts has been made under both the Egerton College and range research components. It is expected that the two GOK entities will build into their budgets provision for purchase of additional spare parts as may be needed. The addition of the mechanic to the staff at the Kiboko research station, thereby facilitating creation of a maintenance capacity at the station, should support this effort.

d) Construction Materials

These shall be procured in Kenya by the construction contractor. A waiver of the Kenya source and origin requirement has been provided. Some materials which do not meet the local source requirement will be procured by the Egerton College from Code 941 countries.

e) Excess Property

Use of excess property will be reviewed for possible applicability and for suitability. GOK concurrence to any proposed use of excess property on the project would be necessary. It is recognized that another factor to be considered is compatibility of project procured new equipment with existing equipment in Kenya and availability of servicing and spare parts. For example, Caterpillar, International Harvester, and John Deere Inc. have dealers and servicing available for the combine, disc plow, etc. for proposed procurement under the range research component. Purchase of other makes of these items from excess property could not be considered.

Implementation Schedules

Date of Action

1978

- JUNE - Project Paper submitted to AID/W
- AUGUST - Loan and Grant authorized
- Draft Project Agreement submitted to GOK
- Project Agreement signed
- NOVEMBER - Initial CPs satisfied

1. Egerton College Expansion Action

- SEPTEMBER - GOK selects local consultancy team for A & E work.
- GOK/AID requests proposals for technical assistance (T.A.) contract
- Consultants begin final design work.
- NOVEMBER - GOK/AID reviews T.A. proposals, selects contractor.
- DECEMBER - GOK/AID signs T.A. contract.

1979

- FEBRUARY - T. A. team leader arrives, prepares Inception Report.
- Nominations for first group of participants submitted to AID.
- AID reviews architect's preliminary plans
- TDY engineering/architectural arrives to assist in exercise.
- MAY - Contractor submits nominations.
- GOK/AID review and approve.
- JUNE - AID reviews and approves architectural plans at 60 percent completion stage.
- Quantity Surveyor (Q.S.) prepares specifications for construction materials and fixtures.
- JULY - First group of participants depart for long-term training (22)
- AAPC seeks bids on materials identified by the Q.S.
- GOK advertises for pre-qualificational of construction contractors.

Implementation Planning

ATTACHMENT I

A. Administrative Arrangements

1. Government of Kenya

a. Agricultural Manpower

The GOK agency responsible for implementation of the Egerton College, Coast Institute, and agriculture training fund is the Ministry of Agriculture. Direct responsibility for the Egerton College expansion has been assigned to Egerton College. To assist Egerton College to prepare and process the lengthy list of materials and equipment to be procured under this component, AID will provide through a host-country technical assistance contract a full-time procurement and administrative officer to be based at Egerton College.

The GOK agency responsible for the implementation of the University of Nairobi expansion is the Ministry of Education. Direct responsibility for the university expansion has been assigned to the Faculty of Agriculture, University of Nairobi.

b. Range Research

The GOK agency responsible for this component is the Ministry of Agriculture.

c. Credit

The GOK agency responsible for the credit component is the Agricultural Finance Corporation.

d. Cooperatives

The GOK agency responsible for this component is the Ministry of Cooperative Development.

e. Storage and Marketing

The GOK agency responsible for implementation of the storage component is the Ministry of Agriculture.

2. Reports

There are a number of reports required under both loan and grant financing, responsibility for which shall be as specified below:

- a. Egerton College, acting for the GOK, shall submit the following reports required under the loan, the contents of which will be spelled out in Project Implementation Letters (PIL's):

- 1) Quarterly progress report.
 - 2) Quarterly shipping report.
 - 3) Final report on the Egerton College expansion.
 - 4) Other reports as required by AID, including annual work plans and maintenance plans and annual audits of College finances, as they relate to the Project.
- b. The GOK entities indicated below shall provide the following reports for grant-financed activities:
- 1) MOA and MOCD - Annual training plans for the agriculture and cooperatives training funds to be prepared by the Ministries of Agriculture and Cooperative Development, respectively. USAID will assist as may be necessary.
 - 2) Range Research
 - a) A range research inception report to be prepared by the MOA Division of Scientific Research, Officer-in-Charge of the National Range Research Station (Kiboko) and U.S. contract team leader during the latter's four-to-six week TDY, beginning o/a January or February 1979.
 - b) An initial range research implementation plan to be refined during June-September 1979 by the U.S. team leader, the Officer-in-Charge at Kiboko, and a social anthropologist, preferably a Kenyan, covering a three-year period.
 - c) Annual research reports to be prepared by the U.S. team leader and Officer-in-Charge at Kiboko for submission to the MOA Scientific Research Division and RRAC,* covering progress in implementing the range research implementation plan and proposed revisions, and extending the research plan to cover another year.
 - d) Annual training plan, including counterpart training, for range research participants.
 - e) Equipment procurement plan by December 1979.
 - f) Also by December 1979, an in-service training plan covering types and frequencies of seminars, field days, in-service courses, etc. for MOA range staff and pastoralists.
 - g) By the end of the second year of research project activity the same two individuals responsible for c) through f) above should prepare a "systems plan" outlining ways to integrate the various research components into a comprehensive whole for use in alternate range management systems.

* Range Research Advisory Committee

- 3) AFC - The training advisor working with AFC management, his/her counterpart (-s), and other U.S. staff should develop an in-country training plan within four months of arrival.
- 4) Other reports as may be required by AID and/or the GOK, including semi-annual contractor reports, final contractor reports, and reports of various studies financed with grant financing.

3. AID

USAID/Kenya has necessary delegations of authority to implement this project: For AID implementation purposes most ASSP components will be housed in the USAID's Food and Agriculture Office.

B. Implementation Arrangements

1. Egerton College Expansion

a. Technical Assistance

In order to provide the large number and widely specialized technical assistance teaching staff required during the College's expansion phase, a competitively-bid host-country contract will be let with a U.S. consortium of universities. Participation of a minority institution in the consortium would be welcomed. A consortium is considered superior to a single university due to the large number (28) of positions to be filled. Furthermore, the selected consortium will be responsible for providing and supervising academic training for 43 of Egerton's staff.

All contracting will be undertaken at post, relying upon the services of the REDSO Contracting Officer. All prospective bidders will be encouraged to make an on-site inspection of Egerton College before preparation of their proposals. Proposals will be reviewed by AID and the GOK, and close collaboration is expected during the negotiation of the contract. Following receipt of proposals, a site visit by AID and GOK representatives to bidders' headquarters may be desirable before bidders are order-ranked.

Immediately following execution of the contract the contractor will send one senior staff member (the anticipated team leader would be the optimal choice) to Egerton College in order to:

- 1) Review with the College the exact teaching requirements and translate these requirements into clearly defined specialities and degree levels. While a thorough review of staffing requirements has been prepared and is considered a reasonably firm estimate of required staff, the review has not provided sufficient detail to allow a contractor to begin recruiting. It is expected that the U.S. staff will include mostly individuals with Ph.D training. There are, however, certain positions which will require no more than an M.A or which require more practical experience in lieu of advanced academic training. A final staffing review will also determine exactly which specialities are required.

2) Review with the College the exact phasing of technical assistance. The provision of technical assistance and the training of Kenyan staff are closely interwoven, and it will, therefore, be necessary to review the College's training schedule, department by department, staff position by staff position, in order to insure that the U.S. technical assistance provided is both timely and appropriate.

3) Review the College's plant and equipment. Effective recruiting requires considerable knowledge of the job to be performed and the situation in which it is to be performed. The contractor must be familiar with both the academic requirements of the College as well as the anticipated physical facilities which the U.S. staff should expect to find at Egerton. Since the U.S. staff presence will be considerable during the height of the build-up, it is necessary that the staff recruited fits well into the Egerton educational environment and is fully aware of the work and living conditions.

The contractor will prepare an Inception Report which will be discussed with and approved by Egerton College and AID. This report will detail the teaching positions to be filled, the qualifications required, and the phasing of technicians' arrivals.

b. Training

The contractor's Inception Report (see above) will also include a detailed schedule of academic training for the Kenyan staff. Training should be handled in a similar fashion to that for the Range Research component as described below.

c. Construction

Architectural and Engineering Design

As part of the GOK's contribution to project costs, the GOK will enter into a contract with a team of Kenya-based consultants, headed by an architectural firm as is the normal practice in Kenya, for the preparation of all architectural and engineering design, construction bid documents, and site supervision during the construction phase, including a clerk of works (resident engineer).

AID will review the qualifications of the local consultants and the GOK will submit to AID the agreement between the GOK and the consultant team as a condition for loan disbursement. AID will review and approve the preliminary plans prepared by the consultant team. If deemed necessary to assist the Mission in reviewing work completed at this stage, TDY services of an educational architect will be engaged for 30 days.

When approximately 60 percent of the final drawings are completed (final complete drawings still lacking), estimated to be four months after final design work has begun, AID will review progress to date. AID will approve design work undertaken to date.

As a condition of loan disbursement, AID will review the final plans and bid documents prepared by the consultant team.

At each stage of the review, AID will examine the preliminary, draft, and final plans to insure that the proposed construction is appropriate to Egerton needs, that the basic plan and philosophy laid

down in the Miller/Mutiso reports are being followed 1/ that construction designs are, for modest structures, complying with AID's space utilization guidelines,^{2/} and that estimated construction costs are modest and reasonable.

Construction Materials and Fixed Equipment

Specifications and quantity determinations will be made by a Quantity Surveyor, working with the architectural design team. At the 60 percent design-completion point, the Quantity Surveyor (Q.S.) will begin preparing the required specifications for construction materials and built-in fixtures. The items which are locally available (Kenya source and origin) will be so designated. Certain items, such as reinforcing steel, are of Kenyan source manufactured from imported ingots or local scrap. An accurate determination of Kenyan value-added to such materials cannot be made: therefore, a waiver of the component rule has been provided.

Building materials and equipment not of Kenyan source and origin (or not with at least a substantial Kenyan value added) will be listed by the Q.S. In order to facilitate the procurement of such materials and equipment, it is intended that the construction contractor be nominated as the consignee. The authorized procurement will be by AID Geographic Code 941 and will be carried out in accordance with the procedures set forth in AID Handbook II. A procurement agent, such as the Afro-American Purchasing Center, will be used and purchases will be funded under the loan. In order to insure that purchased materials meet the architect's requirements the procurement agent will:

- 1) Request bids for the items identified by the Q.S.,
- 2) Review all bids and forward the eligible and reasonable bids to USAID/Kenya and the GOK-hired consultants to insure that items meet necessary specifications, and
- 3) Upon instructions from the GOK, the procurement agent will place orders with supplying agents.

d. Movable Equipment

To equip the classrooms, laboratories, and other facilities specifications will be prepared by Egerton College and the U.S. technical assistance staff for the precise equipment required. AID will review and approve all procurement lists. Procurement will be through a procurement agent, such as the Afro-American Purchasing Center, and will be financed by AID loan funds.

1/ J. Miller. Egerton College Expansion Project. March 1978.
Mutiso Menezes International. Master Plan Study Report.
Expansion of Egerton College. April 1978.

2/ As discussed with College officials.

2. Coast Institute

AID will contract for the academic and technical feasibility studies directly, using competitive bidding procedures. The successful contractor will be expected to subcontract locally for needed architectural support services. USAID and the MOA will coordinate closely on the PIO/T.

3. Faculty of Agriculture

Contracting for the Stage 1 academic and technical feasibility studies shall be as for the Coast Institute with USAID and the Faculty acting as the responsible parties. Given the short duration of the Faculty studies, however, the two should be implemented concurrently. Also use of the same contractor for both the Coast Institute and Faculty studies appears desirable.

4. MOA and MOCD Training Funds

The respective ministries will each submit an annual training plan to USAID and the Directorate of Personnel Management. For each training position the plans should briefly provide the information as specified in the text of this Project Implementation Letter.

General training fields to which AID assigns a high priority under the MOA Training Fund include: Agriculture Research; Agriculture Economics and Farm Management; Animal Husbandry; Agriculture Education, Education Economics, Education Technology and Communications; Rural Sociology; Public Administration and Project Management, and Agriculture Engineering. Preference for nominees will be given to women, native Masai and Somali speakers, and employees of the MOA with two or more years of service. Training programs may include in-country programs, U.S. training or third country programs in Code 941 countries using the same guidelines specified for the MOCD grant in the PIL, above. The grant for the MOA, while computed in terms of U.S. academic training, can be allocated by the Ministry between any of the specified training programs or as agreed to by AID in the annual training plan.

All participant training will be on a direct-AID basis and handled by the USAID Training Officer in coordination with responsible staff from USAID's Food and Agriculture Office.

5. Cooperatives

a. Studies

Because some individuals, such as the Cooperative Education specialist, will be utilized on several studies and other project activities and because some study results will feed into other reviews, scheduling of study teams and services is critical. Given a ProAg signing in August 1978 (as accomplished) and initial CP's satisfied o/a November, the Cooperative Education specialist should arrive o/a March and the Cooperatives Education and Training Evaluation should begin the same month, ending in May. The manpower survey should, then, begin in June with the Cooperative College academic and technical feasibility studies following in September. The tightness of this schedule, and the need for close coordination, suggests use of one contractor for all studies; while a different contractor would furnish all advisory personnel other than the Cooperative Education specialist, who would be furnished by the "studies" contractor. Competitive bidding would be the basis for solicitating proposals.

For each of the above studies, draft versions of the final reports must be ready in sufficient time before departure of study team personnel to enable 1) full discussion and review, first, with USAID and second with the GOK, and 2) revision of the draft as may be necessary prior to departure. Where possible, the USAID considers it preferable to have the final report in hand before the teams have all departed given the interrelationships of many of the studies, the tight scheduling, and the studies' importance to the GOK.

b. Technical Assistance

TA personnel and their proposed scheduling for the cooperatives component are as follows:

- 1) Cooperative Education specialist - two years beginning March 1979.
- 2) Cooperative Business Management instructor - 18 months beginning June 1979.
- 3) Cooperative Credit specialist - seven months beginning June 1979.
- 4) Cooperative Training Materials specialist - total six months over two visits of three months each, the first beginning October 1979, the second, June 1980.
- 5) Cooperative Education Audio-Visual specialist - six months beginning January 1980.

These* should likely be contracted from a single source. Given the desired timing for arrival of the above, a University contractor may not be the most appropriate, assuming recruitment is from on-campus sources.

c. Contracting

For the cooperatives component, AID contracting is considered most appropriate. Reasons for this choice are the MOCD's inexperience with U.S. and AID contracting to date, the workload which would otherwise be placed on REDSO/EA and USAID staff for host country contracting under other ASSP components, and the need to proceed urgently with the studies and contracting related thereto.

6. Credit-Agricultural Finance Corporation

Three advisors (Internal Audit, Credit Review and Financial Management) are currently on the job under a direct AID contract with ACDI. It will be important to initiate necessary documentation (solicitation of proposals) as soon as possible to assure continuity. (The Financial Manager's contract expires in December, the Internal Auditor's in February, and the Credit Review Advisor's in March.)

The proposed Training Advisor should be recruited as soon as possible so that he can begin organizing the AFC training office and contribute to this project's participant training component. A February 1979 ETA will be sought. The Data Processing advisors should also be recruited as rapidly as possible to avoid a large gap between the departure of the German Team and their arrival. A February 1979 ETA will be sought for at least one of these advisors with the second arriving as soon as practical thereafter. The Loans Appraisal trainer should be scheduled for April 1979 to allow time for the overall Training Advisor to settle in and establish the new training office through which this trainer will operate.

Participant training will not be added to the new contract but will continue under direct AID financing and procedures.

7. Range Research

Technical assistance experts and participant training are to be provided under a host-country contract with a U.S. university. Title XII provisions of the FAA seem well suited to this component, and possibly also to the Egerton College expansion. The contract will be competitively bid. Ideally, the university contractor should come from an area of the West or Southwest with range conditions similar to those in Kenya. As with the Egerton expansion all contracting shall be carried out in-country by the REDSO/EA Contracts Officer and USAID staff. These AID personnel shall also be responsible for any local contracting, such as for the Kenyan sociologist or computer services, which may be necessary.

* other than the Cooperative Education specialist.

While training will be contract-financed, the USAID Training Officer can provide pre-departure briefings for participants. The team leader should consult and coordinate with the Training Officer on training procedures, AID requirements, and short-term courses available under AID arrangements. USAID feels it would be appropriate for the contractor to place participants in several U.S. colleges and universities as was done by Colorado State University under contract AID/Afr-790.

Commodity procurement for the range research component will be done by the USAID for items to be procured locally while AAFC will undertake off-shore procurement. The contract team leader with the Officer-in-Charge of the Kiboko National Range Research Station and the USAID officer managing this component will be responsible for preparation of commodity procurement lists by December 1979.

USAID is not specifying under the range research component that potential contractors visit Kenya for an on-site inspection of Kiboko prior to submitting their bids. However, the Mission does believe that familiarization may be useful. The USAID expects, however, that preparation of the contractor's inception report will offer an opportunity to review the proposed research to be undertaken with the GOK, to review proposed contractor staffing and its phasing, to discuss participant and counterpart training content and timing, to view the Kiboko facility, and to become familiar with the living conditions for contract staff and their families so as to facilitate recruitment and project implementation.

8. Contractor Orientation

Mission experience with the other projects has demonstrated that when large numbers of TA personnel are recruited for a project and arrive together much can be gained from their orientation by GOK and USAID project and other staff at the time of arrival. This will be particularly true for ASSP given the linkages between components described earlier and the consequent need for close contacts among and between component contractor staffs. Therefore, USAID expects to hold such orientation sessions, involving GOK officials, which will focus on the nature of the ASSP project, ASSP component cross-relationships, GOK agriculture programs and emphases, the AID bilateral program in Kenya and the AID target group, contractor relations with GOK counterparts and USAID project management and training staff, divisions of responsibility between USAID and the GOK, reporting requirements, and other subjects judged important. When possible, orientations will be held simultaneously for staff of all contracts, but at a minimum the respective contract team leaders will be asked to participate in orientation of each others staffs.

9. Logistic Support

The responsibilities of the GOK and USAID for such support are clearly indicated in both Project Paper and Annex 1 of the Project Agreement.

Beyond that, all U.S. contract personnel will have access to the U.S. Embassy health unit and to the diplomatic pouch for letter mail services (but not packages). There is no U.S. Commissary in Kenya, and food, tobacco items, and alcoholic beverages must be purchased by contractor personnel on the open market. As indicated earlier, range research personnel may need to do much, if not all, of their shopping in Nairobi.

There is an International School, covering grades one to twelve, in Nairobi, but it does not have boarding facilities. Other schools in or near Nairobi do have such facilities, but there are waiting lists for entrance. Contract team leaders for the range research and the Egerton College T.A. team should investigate these during their pre-implementation visits.

10. Disbursement Procedures

a. Loan

1) Foreign Exchange

The GOK will select a procurement agent, presumably the Afro-American Purchasing Center per the above, to implement the FX procurement for the Egerton College expansion. Accordingly, disbursement will be made under the Direct Letter of Commitment method now being used with AAPC. Otherwise, the Standard Letter of Commitment method will be used.

2) Local Costs

Local costs will be reimbursed to the GOK for eligible project expenditures based on actual costs.

b. Grant

AID grant funds will finance technical assistance for the various ASSP components through either host-country or direct-AID contracts as indicated above. Disbursement procedures are discussed in the ProAg and Implementation Letter.

Commodity procurement financed with grant funds will presumably be made either through AAPC, utilizing Direct L/Com procedures, or locally by the USAID per the above.

11. Procurement Plan

To facilitate procurement of equipment and spare parts from off-shore sources it is intended that a procurement agent be utilized, such as AAPC, for the Egerton College expansion and part of the range research component. Procurement will be carried out in accord with AID Handbook II - Country Contracting. Further details regarding commodity procurement are as follows:

a) Egerton Equipment and Furnishings

All such materials shall be procured from AID Geographic Code 941 with the exception that all vehicles must be of U.S. manufacture.

b) Range Research

All procurement shall be from the U.S. and Kenya. Vehicles may be of European manufacture.

c) Spare Parts

Provision for procurement of fast moving spare parts has been made under both the Egerton College and range research components. It is expected that the two GOK entities will build into their budgets provision for purchase of additional spare parts as may be needed. The addition of the mechanic to the staff at the Kiboko research station, thereby facilitating creation of a maintenance capacity at the station, should support this effort.

d) Construction Materials

These shall be procured in Kenya by the construction contractor. A waiver of the Kenya source and origin requirement has been provided. Some materials which do not meet the local source requirement will be procured by the Egerton College from Code 941 countries.

e) Excess Property

Use of excess property will be reviewed for possible applicability and for suitability. GOK concurrence to any proposed use of excess property on the project would be necessary. It is recognized that another factor to be considered is compatibility of project procured new equipment with existing equipment in Kenya and availability of servicing and spare parts. For example, Caterpillar, International Harvester, and John Deere Inc. have dealers and servicing available for the combine, disc plow, etc. for proposed procurement under the range research component. Purchase of other makes of these items from excess property could not be considered.

Implementation Schedules

Date of Action

1978

- JUNE - Project Paper submitted to AID/W
- AUGUST - Loan and Grant authorized
- Draft Project Agreement submitted to GOK
- Project Agreement signed
- NOVEMBER - Initial CPs satisfied

1. Egerton College Expansion Action

- SEPTEMBER - GOK selects local consultancy team for A & E work.
- GOK/AID requests proposals for technical assistance (T.A.) contract
- Consultants begin final design work.
- NOVEMBER - GOK/AID reviews T.A. proposals, selects contractor.
- DECEMBER - GOK/AID signs T.A. contract.

1979

- FEBRUARY - T. A. team leader arrives, prepares Inception Report
- Nominations for first group of participants submitted to AID.
- AID reviews architect's preliminary plans
- TDY engineering/architectural arrives to assist in exercise.
- MAY - Contractor submits nominations.
- GOK/AID review and approve.
- JUNE - AID reviews and approves architectural plans at 60 percent completion stage.
- Quantity Surveyor (Q.S.) prepares specifications for construction materials and fixtures.
- JULY - First group of participants depart for long-term training (22)
- AAPC seeks bids on materials identified by the Q.S.
- GOK advertises for pre-qualificational of construction contractors.

Date of Action

Action

1979 cont'd

- AUGUST - First contingent of U.S. teaching staff arrives (16).
- 3 participants return.
- SEPTEMBER - GOK/architect short-lists buildings contractors.
- GOK invites bids from qualified contractors.
- AID approves final drawings and bid documents.
- OCTOBER - AAPC reviews bids and forwards "short-list" to
USAID and GOK for approval.
- Specifications for Stage I equipment prepared.
- NOVEMBER - GOK receives bids from construction contractors.
- DECEMBER - GOK and AID review/approve construction bids.
GOK awards construction contract(s).

1980

- JANUARY - Construction contractor begins mobilization.
- AAPC invites bids for Stage I equipment.
- FEBRUARY - Nominations for second group of participants
submitted to AID.
- Construction begins.
- MARCH - Imported construction materials and fixtures arrive.
- AAPC reviews bids, recommends awards, and GOK/AID
approve awards for Stage I equipment.
- GOK prepares list for Stage II equipment
- First in-depth project-wide evaluation 1/
- MAY - AAPC reviews bids, recommends awards and GOK/AID
approve awards for Stage II equipment.
- Contractor submits nominations, GOK/USAID review
and approve.
- AUGUST - Second contingent of U.S. teaching staff arrives (6)
- Second group of participants departs (15).

1/ This relates to all five project components

<u>Date of Action</u>	<u>Action</u>
<u>1981</u>	
FEBRUARY	- Nominations for third group of participants.
AUGUST	- Third group of participants depart (6). - State I equipment arrives. - Three participants return. - Stage I construction completed.
SEPTEMBER	- First incremental intake of 118 additional students (College enrollment at 812). - Second in-depth project-wide evaluation <u>1/</u>
<u>1982</u>	
AUGUST	- 13 participants return. - 4 U.S. teaching staff depart. - Stage II construction completed.
SEPTEMBER	- Second incremental intake of 118 additional students (enrollment at 934).
DECEMBER	- All construction completed.
<u>1983</u>	
AUGUST	- 14 participants return. - 10 U.S. teaching staff depart.
SEPTEMBER	- Incremental intake of 314 students (enrollment at 1,248).
<u>1984</u>	
AUGUST	- Final 8 U.S. teaching staff depart - Final 13 participants return. - Third in-depth project-wide evaluation. <u>1/</u>
SEPTEMBER	- Incremental intake of 314 students (enrollment at 1,440) - End of project. - End of project evaluation

1/ This relates to all five project components.

2. Coast Institute - Establishment

<u>Date of Action</u>	<u>Action</u>
<u>1978</u>	
SEPTEMBER	- AID prepares SOW, PIO/Ts issued.
OCTOBER	- AID/GOK invites proposals for architectural and engineering feasibility studies.
NOVEMBER	- Bids reviewed and selection made
DECEMBER	- Contract negotiated.
<u>1979</u>	
FEBRUARY	- Studies contract signed.
APRIL	- Academic feasibility study begins.
JUNE	- Engineering feasibility study begins. - Academic feasibility study completed. - Study submitted to GOK/AID
AUGUST	- Engineering feasibility study completed - Study submitted to GOK/AID.
SEPTEMBER	- Feasibility studies accepted by GOK and AID.
NOVEMBER	- PP Revision begins.
DECEMBER	- PP Revision submitted to AID/W.

3. Faculty of Agriculture, University of Nairobi - Extension

<u>1978</u>	
SEPTEMBER	- AID prepares SOW, PIO/Ts issued.
OCTOBER	- AID/GOK invites proposals for architectural and engineering feasibility studies.
NOVEMBER	- Bids reviewed and selections made.
DECEMBER	- Contract negotiated.

3. cont'd

<u>Date of Action</u>	<u>Action</u>
DECEMBER	- Contract negotiated
<u>1979</u>	
MAY	- Academic feasibility study begins (May 1). - Engineering feasibility study begins (May 15).
JUNE	- Academic feasibility study completed (June 1). - Study submitted to GOK/AID.
JULY	- Engineering feasibility study completed (July 15)
AUGUST	- Feasibility studies accepted by GOK and AID
NOVEMBER	- PP Revision begins.
DECEMBER	- PP Revision submitted to AID/W.

4. Ministry of Agriculture Training Fund

<u>1978</u>	
SEPTEMBER	- Preliminary Annual Training Plan (ATP) submitted to AID.
OCTOBER	- ATP reviewed by AID.
NOVEMBER	- MOA and AID review and agree upon ATP. - Directorate of Personnel Management (DPM) approves nominations in ATP.
DECEMBER	- PIO/P's prepared by USAID.
<u>1979</u>	
FEBRUARY	- First short-term participants depart.
JUNE	- First long-term participants depart.
AUGUST	- Majority of first year's long-term participants depart. - Second ATP submitted to AID.
OCTOBER	- ATP reviewed by AID.
NOVEMBER	- MOA and AID agree upon ATP. - DPM approves nominations in ATP.
DECEMBER	- PIO/P's prepared by USAID.

1980

Repeat 1979

1981

Repeat 1979

1982

Repeat 1979 - Note that only training completed by
September 1984 to be considered in ATP.

1983

- SEPTEMBER - Final ATP submitted to AID. To include only
training which will be completed by September 1984.
- OCTOBER - ATP reviewed by AID.
- NOVEMBER - MOA and AID approve ATP.
- DECEMBER - DPM approved nominations in ATP.
- PIO/P's prepared by USAID

1984

- SEPTEMBER - Final participants return to Kenya.

5. Range Research

Date of Action

Action

1978

- SEPTEMBER - USAID prepares PIO/T. AID seeks bids for
university or consortium contract. Notes
contract will be host-country contract.
- NOVEMBER - AID and GOK review bids.
- Component specific CPs satisfied.
- GOK selects, AID approves university or
consortium for contract.

1979

- JANUARY - GOK and contractor sign contracts with AID approval.
- Team Leader nominated and approved by USAID/GOK.
- Range Research Advisory Committee (RRAC)
functioning.

5. Range Research (cont'd)

Date of Action

1979 (cont'd)

- FEBRUARY
- Team Leader on TDY for preparation of inception report.
 - Two-year staff recruitment plan and long-term training plan for first group of participants prepared by Team Leader and Officer-in-Charge and presented to and approved by RRAC.
 - First group of participants selected for training.
 - Second group of participants selected for training.
 - Research publications for Kiboko Station Library are ordered by GOK.
- MARCH
- Team Leader finishes TDY.
- APRIL
- Social anthropologist (short-term) nominated and approved by USAID/GOK.
- JUNE
- Team Leader/U.S. Research Officer arrives at post.
 - Team Leader, Officer-in-Charge and social anthropologist refine research plan and begin to collect project specific and socio-economic base data for evaluation purposes.
 - Two senior GOK research Officers nominated and approved by USAID/GOK.
- AUGUST
- First group of participants depart for U.S. training.
- SEPTEMBER
- Two U.S. Research Officers arrive at post and are oriented by USAID/GOK.
 - Team Leader, Officer-in-Charge and social anthropologist prepare range research utilization plan.
 - First annual report prepared by Team Leader and Officer-in-Charge.
 - Second group of participants begin on-the-job training.
- NOVEMBER
- Three more U.S. Research Officers nominated and approved by USAID/GOK.
 - U.S. Research Officers submit on-the-job training plan.
- DECEMBER
- Training plan for remaining two groups of participants completed.
 - Complete equipment purchase plan finalized.

1980

- JANUARY - Major research proposals presented to RRAC for review.
- FEBRUARY - Third group of participants selected for training.
- MARCH - Three additional U.S. Research Officers arrive at Post and are oriented by USAID/GOK.
- JUNE - Implementation of activities in range research utilization plan begins.
- SEPTEMBER - Third group of participants begin on-the-job training.
- Second group of participants depart for U.S. training.
- Second annual report submitted.

1981

- JUNE - Range research utilization activities become regularly scheduled part of Research Station's program.
- SEPTEMBER - Third group of participants depart for U.S. training.
- Third annual report submitted.
- GOK assigns three more full time Research Officers to Kiboko.

1982

- JUNE - GOK starts funding library publications.
- Kenya Research Officers become fully responsible for range research utilization activities.
- AUGUST - First group of participants return to Post.
- SEPTEMBER - Fourth annual report.

1983

- AUGUST - Second group of participants return to Post.
- SEPTEMBER - Range research utilization activities become integral part of Range Research Station's strategy to reach smallholders.
- Fifth annual report submitted.

1984

AUGUST - Third group of participants return to Post.

SEPTEMBER - Two U.S. Research Officers depart Post.
- Sixth annual report.

1985

MARCH - Three U.S. Research Officers depart Post.

MAY - Final report.
- End of project in-depth evaluation (actual scheduling will depend on time considered most valuable for conducting this evaluation).

JUNE - Team Leader departs Post.
- Project completion.

6. Agricultural Credit - AFC

Date of Action

Action

1978

AUGUST - SEPTEMBER - PIO/T's issued and AID seeks bids for provision of T.A.

OCTOBER - T. A. Bids reviewed.

NOVEMBER - Contractor selected.
- AFC submits participant plan for FY79.
- PIO/P's issued.

DECEMBER - Financial Management Advisor retained under new contract.

1979

FEBRUARY - Internal Audit Advisor retained under new contract.
- Training Advisor and one Data Processing Advisor arrive at post.

MARCH - Credit Review Advisor retained under new contract.

APRIL - Loans Appraisal Trainer arrives at Post.
- Second Data Processing Advisor arrives at post.

JUNE - First Phase Loan Appraisal Course initiated.
- USDA Trainer Training initiated.

1979 (cont'd)

SEPTEMBER - First Group of participants depart.
- First USDA and first specialized in-country training programs initiated.

OCTOBER - Second USDA training program initiated.

NOVEMBER - Second year participant plan finalized.

1980

JANUARY - Second Phase Loan Appraisals Course initiated.

FEBRUARY - Second specialized in-country training course offered.

SEPTEMBER - Second group of participants depart.
- Third USDA and specialized in-country training programs initiated.

NOVEMBER - Third year participant plan finalized.

DECEMBER - Financial Management Advisor departs.

1981

FEBRUARY - Fourth specialized in-country training course offered.
- Internal Audit Advisor, Training Advisor and one Data Processing Advisor depart.

MARCH - Credit Review Advisor departs post.

APRIL - Loans Appraisal Trainer and Data Processing Advisor depart post.

AUGUST - First long-term participants return.

SEPTEMBER - Third long-term participant group departs.
- Fourth USDA and fifth specialized in-country training programs initiated.

NOVEMBER - Fourth year participant plan finalized.

1982

- FEBRUARY - Sixth specialized in-country training program initiated.
- AUGUST - Second long-term participants return.
- SEPTEMBER - Fourth long-term participant group departs.
- Fifth USDA and seventh specialized in-country training program initiated.
- NOVEMBER - Fifth year participant plan finalized.

1983

- AUGUST - Third set of trainees return.
- SEPTEMBER - Fifth set of trainees depart.

1984

- SEPTEMBER - Fourth set of trainees return.

1985

- SEPTEMBER - Fifth set of trainees return.

7. Cooperative Systems Support

1978

- SEPTEMBER - Bids sought for Coop sector studies.
- NOVEMBER - Contractor selected
- First Annual Training Plan (ATP) developed.

1979

- FEBRUARY - Coop Education Advisor arrives at Post.
- Coop education evaluation begins.
- MAY - Manpower study begins.
- Coop Business Management Instructor arrives at Post.
- Coop Credit Specialist arrives at Post.

1979 (cont'd)

- JULY
- First short-term participant training begins.
 - Second ATP prepared.
- OCTOBER
- Coop manpower study completed.
 - Coop Materials Specialist arrives.
 - First group long term participants enter training.
- DECEMBER
- Coop College Feasibility study completed.
 - Coop Materials Specialist departs.

1980

- JANUARY
- Audio-Visual Specialist arrives.
- APRIL
- Coop Business Management Instructor departs.
 - Second short-term training participants begin.
- MAY
- Coop Materials Specialist arrives for second TDY.
- JULY
- Third ATP prepared.
 - Audio-Visual Specialist departs.
- AUGUST
- Coop Materials Specialist departs.
- OCTOBER
- Second group long-term participants enter training.

1981

- APRIL
- Coop Education Advisor departs.
- JULY
- Fourth ATP prepared.
 - Third group of short-term participants depart.
- OCTOBER
- Third group of long-term participants depart and First group returns.

1982

- APRIL
- Fourth group of short-term participants depart.
- JULY
- Fifth ATP prepared.
- OCTOBER
- Fourth group long-term participants depart, Second group returns.

1983

- APRIL - Fifth group short-term participants depart.
- OCTOBER - Fifth group long-term participants depart,
Third group returns.

1984

- OCTOBER - Fourth group of long-term participants return.

1985

- OCTOBER - Fifth group of long-term participants return.

8. Storage and Marketing Support System

1978

- SEPTEMBER - AID seeks bids for storage study.
- DECEMBER - Study contract signed.

1979

- MARCH - Storage Study commences.
- JUNE - M.Sc. participant departs
- First one-year participant departs.
- Two non-academic participants begin training.
- SEPTEMBER - Storage study completed.
- NOVEMBER - PP Revision submitted

1980

- JUNE - Two one-year participants depart.
- JULY - Two non-academic participants depart.
- First participant returns.

1981

- JUNE - One long-term participant departs.
- JULY - M.Sc. participant returns.
- Two long-term participants return.

1982

JUNE-JULY - One long-term participant departs.

JULY - One long-term participant returns.

1983

JUNE - One long-term participant departs.

JULY - One long-term participant returns.

1984

JULY - One long-term participant returns.

PROJECTION OF PROJECT EXPENDITURES
BY FISCAL YEAR

(ENDING SEPTEMBER 30)

(\$'000)

<u>FISCAL YEAR</u>	<u>AID</u>		<u>GOK</u>	<u>TOTAL</u>
	<u>LOAN</u>	<u>GRANT</u>		
FY 1979	\$7,211	\$2,144	\$2,670	\$12,025
FY 1980	6,539	5,201	3,907	15,647
FY 1981	6,440	5,887	4,154	16,481
FY 1982	2,051	5,406	3,137	10,594
FY 1983	1,359	4,644	2,644	8,647
FY 1984	-	2,591	1,395	3,986
FY 1985	-	245	189	434
TOTAL	\$23,600	\$26,118	\$18,096	\$67,814

PROJECTION OF AID OBLIGATIONS
BY FISCAL YEAR

(ENDING SEPTEMBER 30)

(\$'000)

<u>FISCAL YEAR</u>	<u>LOAN</u>	<u>GRANT</u>	<u>TOTAL</u>
FY 1978	\$20,200	\$3,000	\$23,200
FY 1979	3,400	8,818	12,218
FY 1980	-	5,300	5,300
FY 1981	-	5,000	5,000
FY 1982	-	4,000	4,000
TOTAL	\$23,600	\$26,118	\$49,718



UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
U.S.A.I.D. MISSION TO KENYA

Office of the Director,
P. O. Box 30261,
Nairobi, Kenya.

December 8, 1978

Permanent Secretary
Office of the Vice-President
and Ministry of Finance
The Treasury
P.O. Box 30007
Nairobi, Kenya

Attention: Mr. D.K.M. Njama

Subject: AID Project No. 615-0169 - Agricultural
Systems Support Project, Implementation
Letter No. 2

Dear Sir:

This is in response to your letter of November 23, 1978 which transmits a Legal Opinion of the Attorney General in satisfaction of Section 5.1(a) (1) of the subject Project Agreement. We hereby advise that we accept the referenced Legal Opinion and therefore that we consider that the condition specified in Section 5.1(a) has been met.

We note, however, that we have not yet received copies of specimen signatures of designated Government representatives as required by Section 5.1(a) (2). The terminal date for satisfying this condition (November 30, 1978) has now passed. Though this is a proforma condition, it is a legal requirement which must be satisfied before funds can be released. In order for us to grant the necessary extension, however, we need a letter from Government requesting such an extension along with a statement explaining why it was not possible to meet the condition before the attainment of the original terminal date. We urge that such a request be made, and that this remaining proforma condition be met, as soon as possible so that Project funds can be made available for the various ASSP-funded studies.

Also we wish to call your attention to the terminal date for satisfying the substantive conditions precedent (as per Sections 5.3, 5.4(a), 5.5 and 5.6). The Project Agreement specifies that these

latter conditions shall be satisfied four months from the date of signing, namely by December 31, 1978. Please let us know if Government anticipates any problems in meeting this deadline. Until these conditions precedent have been satisfied, of course, Project funds cannot be made available for the Egerton College, Ranch Research or Agricultural Finance Corporation components of the Project.

Sincerely yours,



Robert Muscat
Assistant Director

cc: Permanent Secretary
Ministry of Agriculture
Nairobi, Kenya

General Manager
Agricultural Finance Corporation
Nairobi, Kenya



UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
U.S.A.I.D. MISSION TO KENYA

Office of the Director,
P. O. Box 30261,
Nairobi, Kenya.

Permanent Secretary
Office of the Vice President and
Ministry of Finance
P.O. Box 30007
Nairobi

Attention: Mr. G.C.O. Opundo

Subject: Project No. 615-0169
Agricultural Systems Support Project
Implementation Letter No.3

Dear Sir:

In response to your letter of November 27, 1978 (your reference DV 9.03), we are pleased to concur in the proposed appointment of M/S. Mutiso Menezes International as project architects for the Egerton College expansion. It should be noted that these contract costs will be one of the Kenya Government's contributions to project financing.

As noted in our Implementation Letter No.1, USAID approval of the contract with Mutiso Menezes should be solicited before that contract's execution. We would like to urge that this contracting process go forward as quickly as possible to avoid delay in project implementation. We also recommend that other professional firms whose services are necessary for the Egerton College expansion, such as civil engineers, structural engineers, service engineers and quantity surveyors, be appointed in the near future.

My staff would be pleased to assist in any way concerning this important undertaking.

Sincerely,

Glenwood P. Roane

cc: Permanent Secretary
Ministry of Agriculture

Principal
Egerton College

615-169



UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
U.S.A.I.D. MISSION TO KENYA

Office of the Director,
P. O. Box 30281,
Nairobi, Kenya.

January 2, 1979

Permanent Secretary
Office of the Vice-President and Ministry of Finance
P.O. Box 30007
Nairobi

Permanent Secretary
Ministry of Cooperative Development
P.O. Box 30547
Nairobi

General Manager
Agricultural Finance Corporation
P.O. Box 30367
Nairobi

Subject: AID Project No. 615-0169
Agricultural Systems Support Project
Implementation Letter No. 5

Gentlemen:

In compliance with Section 5.1(a)(2) of Project Agreement No.169-1-808 of the subject Project, Government transmitted to USAID, by letter of December 20, 1978, the names of those persons who will represent the Government in accordance with the terms of that Section and of Section 9.2 of the Project Agreement, together with a certified specimen of the signature of each person.

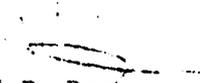
We note that the Project Agreement required that the designation of project representatives and the submission of their names be accomplished within ninety days of the signing of the Project Agreement, i.e., by November 29, 1978. USAID/Kenya does, however, have the authority (without reference to AID/Washington) to extend this terminal date for a second ninety day period if there are compelling reasons for doing so. We recognize that the major Government transition which has taken place since Project Agreement execution has resulted in significant changes which contributed to Government's delay in meeting this commitment. Bearing this in mind, we hereby extend the terminal date for meeting the condition set forth in Section 5.1(a)(2) to December 29, 1978. We also accept the document transmitted to us on December 20, 1978 as

satisfactory compliance with the terms of this condition. Therefore, Section 5.1 is now satisfied with its entirety and Project funding is now available for those studies identified in Section 5.1(b).

We continue to look forward to Government's early satisfaction of the Conditions Precedent set forth in Section 5.3, 5.4(a), 5.5 and 5.6. These were to have been satisfied within four months of Project Agreement signing, i.e., by December 31, 1978. Government should, therefore, with accompanying justification, request that we extend this period by an appropriate time of up to ninety days. Furthermore, as release of Project funds for the Egerton College, Range Research and AFC components of the Project depends on prior satisfaction of these CP's, we trust that Government will promptly see to their substantive satisfaction.

Please advise if we can assist in any way in expediting implementation of this important Project.

Sincerely,


Glenwood P. Roane



**UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
U.S.A.I.D. MISSION TO KENYA**

**Office of the Director,
P. O. Box 30261,
Nairobi, Kenya.**

January 15, 1979

**Permanent Secretary
Office of the Vice President and Ministry of Finance
P.O. Box 30007
Nairobi**

**Permanent Secretary
Ministry of Cooperative Development
P.O. Box 30547
Nairobi**

**General Manager
Agricultural Finance Corporation
P.O. Box 30367
Nairobi**

**Subject: AID Project No. 615-0169
Agricultural Systems Support Project
Implementation Letter No. 6**

Gentlemen:

We have received a letter from Mr. Francis Maina, General Manager of the Agricultural Finance Corporation, dated December 29, 1978. The purpose of the letter is to satisfy Conditions Precedent (C.P.s) outlined in Section 5.6. Additional Conditions - Agricultural Finance Corporation of Project Agreement 169-1-808 for subject project.

We are satisfied that conditions contained in Section 5.6.(a)(2) (regarding job classification, job appraisal, and salary revision studies) and 5.6.(a)(3) (establishment of and leadership for an administrative division) have been met.

In regard to Section 5.6.(a)(1), requiring a comprehensive written report on actions which AFC has undertaken or proposes to undertake with respect to the findings and recommendations of the AID-sponsored AFC Management Study dated June 1977, we have received a general statement responding to findings and recommendations.

While this statement outlines actions taken by the Corporation in regard to the overall report, USAID had expected that each recommendation would be discussed individually. As stated in Section F of

Implementation Letter No. 1, AFC's planning with respect to each recommendation of the Management Study should be dealt with in appropriate detail. Specifically, we request that statements be made either agreeing or disagreeing with each specific recommendation. Where there is agreement, there should be a statement as to actions which will be or have been undertaken. Where there is disagreement or where recommended action is impractical (e.g., requiring actions beyond AFC's authority) there should be a statement to this effect and a statement of AFC's alternative plan for dealing with the problem addressed by the recommendation. The document need not be of great length but should treat each recommendation individually.

We accept AFC's general statement as a good-faith effort to satisfy the requirements of 5.6.(a)(1) and shall, on that basis, authorize the disbursement of funds to finance the continuing services of USAID-funded AFC technicians through June 1979. We are not, however, prepared to release funds needed to initiate the new contract for expanded technical services outlined in the Project Paper until such time as we have received a more comprehensive AFC discussion of the Management Study (as outlined above).

We urge that this additional submission be prepared and submitted as rapidly as possible. If you feel the need to discuss any of the above, please contact Mr. David Christenson of my staff, who will be happy to assist you in developing this document.

Sincerely,



Glenwood P. Roane

Carbon copies to Authorized Project Representatives:

Mr. A. Githinji, Director of External Aid, MOF
Mr. John Walter Njoroge, Accounts Controller, MOF
Mr. Harold Michael Onyango Josiah, Deputy Secretary, MOF

~~6750014~~ 6150169



UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
U.S.A.I.D. MISSION TO KENYA

Office of the Director,
P. O. Box 30261,
Nairobi, Kenya.

September 11, 1978

Mr. L. O. Kibinge
Permanent Secretary
Ministry of Finance and Planning
P. O. Box 30007
Nairobi

Dear Sir:

Re: Rural Planning Project
Grant No. 162-1-804
Implementation Letter No. 7

This will respond to Mr. Mule's letter of July 15, 1978 (EPD/SD 11/01) concerning satisfaction of conditions precedent to disbursement of the subject Grant funds. Our delayed response is due to the fact that the Ministry of Agriculture component of this Project has recently been under external evaluation and that - as will be seen below - the results of that evaluation have direct relevance to the conditions precedent.

First, permit me to address the requirement of Section 3.1(a), namely, that Government submit to us "evidence that appropriate arrangements exist" between Government and the other project donors providing for contributions by those donors totalling at least \$2,295,000. While we have every confidence in Government's certification, contained in the referenced letter, that these commitments have been made, AID procedure does require that we have for our review and files copies of documents on which Government's certification is based. Similar documents, it will be recalled, have been submitted to us in connection with earlier Grant Agreements relative to this Project. Therefore, we will appreciate your forwarding to us copies of the relevant commitment documents from other donors, following our receipt of which we look forward to prompt satisfaction of this condition precedent.

Concerning the remaining conditions precedent of the Grant Agreement, the external evaluation of the Harvard "pool" arrangement, transmitted to us by the Ministry of Agriculture's letter of August 4, 1978, bears on several of these. The AID position as to these other conditions precedent is as follows:

Section 3.1(b) calls for a status report as to the proposed assignment of counterparts for each long-term Harvard advisor. We note from the July 15 letter that counterparts are now in place for most Harvard advisors, but not for those assigned to the Management Systems Evaluation Unit (MSEU). As discussed below, we believe we need more information as to Government's planning to staff the MSEU with Kenyans, as counterparts in the first instance and later on an exclusive basis. We request therefore that Government furnish us such information so that we may consider this condition precedent further. Also, while not required as a condition precedent, we would suggest that Government give careful attention to the discussion commencing on Page 38 of the evaluation report which points out that, as to the Ministry of Agriculture at least, qualitatively significant improvement could be made in counterpart arrangements. It is our understanding that the United Nations Development Programme will, on behalf of donors, be raising this matter with Government in the near future.

Section 3.1(c) asks for a report on certain planned institutional modifications. As to the Management Systems Evaluation Unit, the Grant Agreement of June 30, 1976 (by reference to the document, "Development and Management Planning in Agriculture") called for a unit to be staffed by four Kenyans, together with Harvard advisors. The July 15 letter advised that this unit "is in operation and Drs. Thomas and Harmon are assigned to it". The evaluation report states, however, that "the establishment of such a unit, staffed by Kenyans, within the Office of the Permanent Secretary is not presently contemplated" (p.14) and that "none of the four Kenyans projected to be are in post, nor apparently are they ever intended to be" (p.41). Planning for Kenyan staffing of the MSEU was a matter of special importance to AID in our original planning for this Project and we frankly must call upon Government to clarify this situation and Government's longer-term intentions with regard to the MSEU. Only after receipt and consideration of this clarification can this condition precedent, as it relates to the MSEU, be further considered. Section 3.1(c) is considered satisfied, however, with respect to all other institutional modifications addressed, by the July 15 letter.

Section 3.1(d) called for a report on the program's participant training program. This is accepted for purposes of satisfying this condition precedent. However, once again, the evaluation report (commencing on page 45) contains useful discussion and recommendations on which we look forward to a UNDP-initiated discussion with Government.

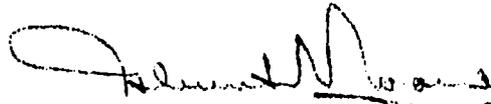
Section 3.1(e) asks for a statement as to the continued validity of the Rural Planning Unit Work Plans. This statement is satisfactory and meets condition precedent requirements.

Mr. L. O. Kibinge

-3-

We will look forward to receiving the additional information and documentation identified above and, thereafter, to prompt satisfaction of those CPs still outstanding, namely, Sections 3.1(a), 3.1(b) and 3.1(c) as this last relates to the MSEU. Please contact us should there be any questions concerning these matters.

Sincerely,



Glenwood P. Roarfe

cc: Mr. S. D. Gathiuni, PS/MOA
Mr. Harris Mule, DPS/MOFP



UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
U.S.A.I.D. MISSION TO KENYA

1 u
6/50/69

Office of the Director,
P. O. Box 30261,
Nairobi, Kenya.

February 22, 1979

Permanent Secretary
Vice President's Office and Ministry of Finance
P. O. Box 30007
Nairobi, Kenya

Attention. Mr. W. P. Mayaka

Dear Sir:

Subject: AID Project No. 615-0169
Agricultural Systems Support Project
Implementation Letter No. 7

This responds to your letter of February 9, 1979, in which two reports and other information were transmitted as evidence of Government compliance with certain conditions precedent under the subject project. Specifically, that letter

- a) transmitted a paper containing Government's reactions to and plans for implementing recommendations of the American Technical Assistance Corporation (ATAC) report entitled "Professional and Subprofessional Agricultural Manpower in Kenya" as required by Section 5.3 (a) of the agreement governing the subject project.
- b) transmitted a paper containing Government's reactions to and plans for implementing recommendations of the ATAC report entitled "Agricultural Research in Kenya" as required by Section 5.5 (a) (2) of the agreement governing the subject project, and
- c) sought to provide evidence that a functioning Range Research Advisory Committee has been established as required by Section 5.5 (a) (1) of the agreement governing subject project.

We do have some questions and would like clarification regarding some of the points in documents a) and b) above. In this regard, we would like to meet with representatives of Government to discuss these at some appropriate time. For the present, however, we consider these documents as satisfactorily complying with conditions contained in Sections 5.3 (a) and 5.5 (a) (2) of the agreement governing the subject project. We also accept your letter as presenting satisfactory evidence in compliance with Section 5.5 (a) (1) of this agreement.

With the above commitments met, USAID is in a position to

- a) fund the proposed Coast Institute Study
- b) fund the proposed Faculty of Agriculture Study, and
- c) obligate and disburse funds for the Range Research component of the project.

It should be noted, however, that we have not received full Government concurrence in the terms of reference for the Faculty of Agriculture Study and cannot proceed in identifying a contractor until such concurrence is received. We would appreciate any efforts you might take to expedite the concurrence.

Finally, we wish to take this opportunity to call your attention to outstanding conditions precedent, i.e., those outlined in Section 5.4 and 5.6.

Additional Conditions - Egerton College

Section 5.4 (a) requires, prior to any disbursement of assistance, or the issuance of any commitment document regarding assistance to Egerton College, that Government furnish, in form and substance satisfactory to A.I.D., evidence that it will provide all requisite administrative, academic, and maintenance staff for Egerton College on a timely basis consistent with the detail provided in Annex 1 to the project agreement. This condition must be met before it will be possible to undertake a contract with a consortium to provide technical services for Egerton. As such a contract is scheduled to be negotiated in March, satisfaction of this remaining condition should be given priority attention.

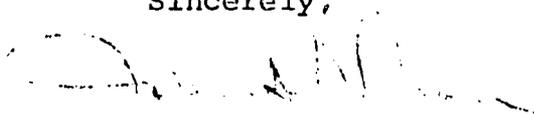
Additional Condition - Agricultural Finance Corporation (AFC)

Section 5.6 (a) (1). As per Implementation Letter No. 6 dated January 15, 1979, conditions specified in Sections 5.6 (a) (2) and (3) have been met. We still await the satisfaction of Section 5.6 (a) (1), i.e., a comprehensive written report on actions which AFC has undertaken or proposes to undertake with respect to the findings and recommendations of the AID-sponsored AFC Management Study dated June 1977. Until this condition is satisfied, we shall be unable to contract for agreed-upon services for the AFC.

Your letter of February 9, 1979, explains delays in meeting outstanding conditions precedent. On the basis of that explanation, the terminal date for satisfaction of the conditions discussed above is extended to March 31, 1979.

When the conditions discussed above have been met, the only outstanding Condition Precedent shall be Condition 5.4 (b), which deals with the financing of construction for Egerton College, requiring (i) the submission for AID approval of all relevant contracts for professional services necessary for Egerton College construction which are to be financed from other resources than the Assistance and (ii) final plans, specifications and bid documents for that construction, together with a work plan for monitoring this construction. The terminal date for satisfaction of these conditions is 15 months from the signing of the Project Agreement, i.e., November 29, 1979.

Sincerely,



Glenwood P. Roane

cc Permanent Secretary, Ministry of Agriculture
General Manager, Agricultural Finance Corporation
Principal, Egerton College

Authorized Project Representatives:

Mr. A. Githinji, Director of External Aid, MOF
Mr. John Walter Njoroge, Accounts Controller, MOF
Mr. Harold Michael Onyango Josiah, Deputy Secretary, MOF

* i.e., assistance provided by USAID



UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
U.S.A.I.D. MISSION TO KENYA

Office of the Director,
P.O. Box 30261,
Nairobi, Kenya.

March 23, 1979

Permanent Secretary
Ministry of Finance
P.O. Box 30007
Nairobi, Kenya

Attention: Mr. W.P. Mayaka

Permanent Secretary
Ministry of Agriculture
P.O. Box 30028
Nairobi, Kenya

Attention: Mr. G. Kimani

Principal
Egerton College
P.O. Private Bag
Njoro, Kenya

Subject: Egerton College Component,
ASSP No. 615-0169
Implementation Letter No. 8

Gentlemen:

We refer to a letter from Egerton College dated March 2, 1979, reference number PRIN/38, regarding construction of 20 staff houses at the college under the subject project. We are pleased to inform you that AID hereby approves the relevant plans and bid documents prepared by Mutiso Manzes International, architects appointed by the Government of Kenya. The final plans and documents were forwarded to us by the Architects with their letters dated March 8 and March 21, 1979.

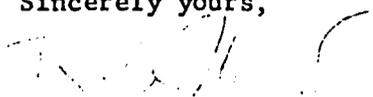
The above approval satisfies in part the conditions precedent to disbursement of AID loan funds for construction of the 20 houses at Egerton College as noted in Section 5.4 of the Project Agreement. We would, of course, need to approve final plans and bid documents, when ready, for all additional Egerton construction. In addition, we wish to point out that the following documents and information should be submitted to us, in form and substance satisfactory to us, as soon as possible to satisfy the remaining conditions precedent

to disbursement of project loan funds for the 20 houses as well as for additional construction:

- (1) Section 5.2: A signed copy of each construction contract. We would be pleased to review this in draft before its execution to avoid any possible problems as to its acceptability.
- (2) Section 5.4 (a): Evidence that the Government will provide all requisite administrative, academic and maintenance staff for Egerton College, consistent with the detail provided in Annex 1 to the Project Agreement. Please note that, pursuant to Implementation Letter No. 1 (p.6), this submission also contain a brief financial plan for five years addressing the source and use of funds for these services.
- (3) Section 5.4 (b): We will need copies of contracts with Kenyan architectural and engineering firms, financed by Government, calling for provision of design and other professional services necessary for the Egerton College construction. We will also need a Work Plan indicating the steps Egerton College will take to monitor this construction. (It is vital that this plan is submitted before the construction of houses commences.)

In addition, according to Annex 3, Section B.4, Taxation, of the Project Agreement, and as further elaborated in Section VII.B.3 of AID's Implementation Letter No. 1, AID's disbursement for the construction cost shall be net of any identifiable taxes, tariffs, duties and other levies imposed under laws in effect in Kenya. In the case of the proposed construction contract for staff houses, we note that the contractor will purchase materials locally which will include duty and sales tax. Since it may not be practical for the contractor to identify taxes included in local purchases, we suggest that the Architects determine the value of duty and sale tax relative to major commodities to be incorporated in the buildings. This information could be submitted for AID review and approval. AID's disbursement for construction cost will be the contract cost less the agreed amount for duty and sales tax.

Sincerely yours,



Robert Muscat
Acting Director



UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
U.S.A.I.D. MISSION TO KENYA

Office of the Director,
P.O. Box 30261,
Nairobi, Kenya.

April 18, 1979

Permanent Secretary/Treasury
Office of the Vice-President and
Ministry of Finance
P. O. Box 30007
Nairobi

Attention: Mr. Z. N. Nyarango

Dear Sir:

Subject: AID Project No. 615-0169
Agricultural Systems Support Project
Implementation Letter No. 9

This responds to your letter of March 31 in which you transmitted a five-year financial plan for Egerton College and provided the assurances of the Government of Kenya that all requisite staff needed for the successful expansion of Egerton College will be made available on a timely basis.

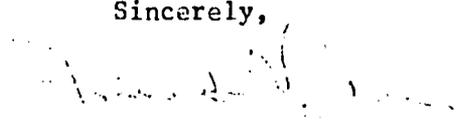
We are pleased to receive reaffirmation of Government's financial commitment to meet the expanded levels of recurrent expenses which will result from the expansion of the Egerton student body. We note the statement at the bottom of the page presenting the five-year financial plan that "The average fee level will be determined by Treasury, D.o.P., M.o.A., and Egerton College in February, 1979." We would appreciate learning of the determination arrived at.

We are pleased to have received Government's assurances that it shall provide all requisite administrative, academic and maintenance staff for Egerton College on a timely basis consistent with the detail provided in Annex I to the Project Agreement. We accept this assurance as adequate evidence that Government will meet staff requirements and thus consider the condition established in Section 5.4.(a) as having been met. To accommodate our acceptance of this condition, we hereby extend the Terminal Date for Satisfying Conditions Precedent to April 29, 1979, i.e., eight months from the date of signing of the original agreement.

While we have accepted Government's assurances as an adequate basis for satisfying the condition established in Section 5.4(a), we had expected that, in line with special covenant 6.2(b) of the Project Agreement, Government would provide us with a paper outlining projected staffing requirements (administrative, academic and maintenance) and Government's plans for meeting these needs. We request, therefore, that such a plan now be prepared and submitted to us for our review and comment. The academic and administrative portions of this plan will be of relevance to the Egerton Technical Assistance Contract which is expected to be negotiated the week of April 23. We urge, therefore, that such a plan be drafted before those negotiations.

In addition to the initial requirement of staffing projections and plans, covenant 6.2(b) requires periodic submissions which ". . . will deal, at a minimum, with the adequacy of staffing levels at such times and with efforts taken and proposed to fill staffing requirements." Such additional submissions shall be provided as requested by USAID but at least as part of the annual Egerton College Staff Training and Work Plan referenced in Section 6.2(a) of the Project Agreement.

Sincerely,



Glenwood P. Roane

cc Permanent Secretary, Ministry of Agriculture
Principal, Egerton College

Authorized Project Representatives:

Mr. A. Githinji, Director of External Aid, Ministry of Finance
Mr. John Walter Njoroge, Accounts Controller, Ministry of Finance
Mr. Harold Michael Onyango Josiah, Deputy Secretary, Ministry of Finance



UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
U.S.A.I.D. MISSION TO KENYA

Office of the Director,
P.O. Box 30261,
Nairobi, Kenya.

April 30, 1979

Permanent Secretary/Treasury
Office of the Vice-President
and Ministry of Finance
P.O. Box 30007
Nairobi, Kenya

Attention: Mr. Z.N. Nyarango

Subject: AID Project No. 615-0169
Agricultural Systems Support Project
Implementation Letter No. 10

Dear Sir:

This responds to the April 20 letter of Mr. Maina, General Manager, AFC. That letter transmitted AFC comments on and outlined the status of implementation of recommendations of the Research Triangle Institute Study of AFC Management. The AFC comments were developed to satisfy the Condition Precedent to disbursement of project funds outlined in Section 5.6(a)(1) Additional Conditions - Agricultural Finance Corporation of Project Agreement 159-1-308.

The AFC submission is, we feel, a very thoughtful and important document, which clearly sets out the accomplishments and goals of that organization in strengthening its management capabilities. This submission is, therefore, accepted as satisfying the condition laid out in Section 5.6(a)(1) of the Project Agreement. We shall, however, in accordance with the covenant outlined in Section 6.2(c) of the Project Agreement, request, from time to time, an updating of the information presented in the AFC submission.

With this condition having been met, there are no further obstacles standing in the way of disbursement of USAID assistance for AFC activities under subject project, In this regard, USAID shall initiate actions leading to the signing of a new contract for agreed-upon advisory services for the AFC. Further, we shall be conducting the AFC shortly to discuss project-supported training plans for the current year.

Sincerely yours,



Glenwood P. Roane

cc: Permanent Secretary
Ministry of Agriculture
Nairobi, Kenya

Principal
Egerton College
Njoro, Kenya

Authorized Project Representatives:

Mr. A. Githinji
Director of External Aid
Ministry of Finance
Nairobi, Kenya

Mr. John Walter Njorojo
Accounts Controller
Ministry of Finance
Nairobi, Kenya

Mr. Harold Michael Anyango Josiah
Deputy Secretary
Ministry of Finance
Nairobi, Kenya



UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
U.S.A.I.D. MISSION TO KENYA

UNITED STATES POSTAL ADDRESS
US AID/NAIROBI
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

INTERNATIONAL POSTAL ADDRESS
POST OFFICE BOX 30261
NAIROBI, KENYA

June 20, 1979

Permanent Secretary
Ministry of Agriculture
P.O. Box 30028
Nairobi

ATTN: Mr. G. M. Kimani, Deputy Director
of Agriculture

SUBJ: AID Project No. 615-0169
Agricultural Systems Support Project
Range Research Support
Implementation Letter No. 11

Dear Sir:

This is in response to your letter of June 20, 1979, which transmitted a copy of a proposed contract between the Government of Kenya and Winrock International. Section 5.2 of subject project agreement, seeks USAID approval of that contract.

We are very pleased to provide our approval of this document with one condition discussed below. We recognize that Government and Winrock worked together long hours, in a cooperative spirit, to effect this document. It is particularly gratifying to find that, in the first of several important prospective contracts under subject project, Government was able to negotiate for, what we believe to be superior quality services, without exceeding the dollar limitations of subject agreement. This was due, in part, to Government's willingness to assume an increased responsibility for local contract costs.

The one condition, which we attach to our approval is related to the fact that the contract does not include Defense Base Act Insurance; rather it provides

Mr. G. M. Kimani
Page Two
June 20, 1979

for State of Arkansas Workmens Compensation. We are uncertain that this is permissible and are seeking clarification on this point. We suggest, however, the contract be signed with the provision that, if Defense Base Act Insurance remains mandatory for USAID financed overseas contracts, that the contract will be amended to reflect this change. USAID agrees to the utilization of project funds for this purpose, if required.

We look forward, both to the successful implementation of this contract and to further cooperation with Government in the negotiations of other contracts under this project.

Sincerely,

Grover Robinson
Acting Director

cc: Authorized Project Representatives:

Mr. A. Kithinji
Director of External Aid
Ministry of Finance
Nairobi

Mr. John Walter Njoroge
Accounts Controller
Ministry of Finance
Nairobi

Mr. Harold Michael Onyango Josiah
Deputy Secretary
Ministry of Finance
Nairobi

Drafted: David Christenson (draft)
Clearance: W. Scarborough (draft)
 K. Eubanks (draft)
 F. Lester (draft)
 G. Robinson (draft)



UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
U.S.A.I.D. MISSION TO KENYA

Permanent Secretary
Ministry of Agriculture
P.O. Box 30028
Nairobi

July 3, 1979
Office of the Director,
P.O. Box 30261,
Nairobi, Kenya.

Attention: Mr. D. Kang'ethe

Dear Sir:

Re: AID Project No. 615-0169
Agricultural Systems Support Project
Agricultural Manpower Support (Egerton College)
Implementation Letter No. 12

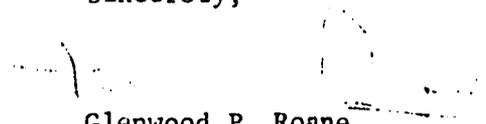
This is in response to your letter of June 20, 1979, which transmitted a copy of a proposed contract between the Government of Kenya and the South East Consortium for International Development (SECID), which, in accordance with Section 5.2 of subject project agreement seeks USAID approval of that contract.

We are very pleased to provide our approval of the SECID contract. As observers of Government's and SECID's negotiations, USAID appreciates the major effort which both parties invested in developing a contract that will provide Egerton College with quality services at reasonable cost. We look forward to what we believe will be a mutually beneficial relationship for both Egerton College and the SECID member institutions.

We note that the contract, as presented does not include an overall Government of Kenya (GOK) budget in support of Egerton Staff Development, but only the GOK direct contribution to the SECID contract. While such a budget is not necessary to the contract, it would be useful in putting the USAID contribution in proper perspective. We suggest therefore, that such a budget be developed as part of the contract inception report.

We look forward to the initiation of the SECID contract and the bilateral benefits which it makes possible.

Sincerely,


Glenwood P. Roane

cc: Principal
Egerton College

Authorized Project Representatives

Mr. A. Kithinji, Director of External Aid, MOF
Mr. John Walter Njoroge, Accounts Controller, MOF
Mr. Harold Michael Onyango Josiah, Deputy Secretary, MOF



UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
U.S.A.I.D. MISSION TO KENYA

Office of the Director,
P.O. Box 30261,
Nairobi, Kenya.

August 13, 1979

Permanent Secretary
Office of the Vice President
and Ministry of Finance
P.O. Box 30007
Nairobi, Kenya (Attention: Mr. E.N. Nyarango)

Permanent Secretary
Ministry of Agriculture
P.O. Box 30028
Nairobi, Kenya (Attention: Mr. G. Kimani)

Principal
Egerton College
P.O. Private Bag
Njoro, Kenya

Subject: Egerton College Component
ASSP No. 615-0169
Implementation Letter No. 13

Gentlemen:

Further to our Implementation Letter No. 8, dated March 23, 1979, we are pleased to confirm that we have approved the following documents in satisfying the remaining conditions precedent to disbursement of AID loan funds for construction of 20 houses at Egerton College.

- 1) A signed copy of the construction contract between W.H. Sayer and Company Limited and Egerton College dated May 18, 1979. This satisfies Section 5.2 of the Project Agreement.
- 2) A signed copy of an agreement between the Architects, Mutiso Menezes International and Egerton College dated July 5, 1979. In addition, signed copies of agreements between Mutiso Menezes International and other consultants, namely, Kitololo and Partners, dated July 5, 1979; Bicroconsult (Kenya) Limited, dated January 26, 1979; and Davson and Ward, dated July 5, 1979. These documents satisfy the requirement of Section 5.4(b) that necessary provision has been made for the design of the proposed physical facilities at Egerton College.

3) A letter from Egerton College, dated August 8, 1979, confirming that arrangements are being made for the provision of adequate staff to supervise the construction activities at Egerton College as per the plan submitted in a letter from Mutiso Menezes International, dated July 11, 1979. This satisfies the requirement of Section 5.4(b) that Egerton College submit a plan for monitoring the construction activities.

It should be noted that the requirement of Section 5.2 which deals with AID's approval of construction contracts and that part of Section 5.4(b) which deals with AID's approval of final plans, specifications and bid documents must be satisfied separately for each construction contract.

Sincerely yours,



Glenwood P. Roane



UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
U.S.A.I.D. MISSION TO KENYA

Office of the Director,
P.O. Box 30261,
Nairobi, Kenya.

September 4, 1979

Permanent Secretary
Ministry of Agriculture
P.O. Box 30028
Nairobi

Attention: Mr. David Kang'ethe

Dear Sir:

Re: AID Project No. 615-0169
Agricultural Systems Support Project
Agricultural Manpower Support (MOA)
Implementation Letter No. 13

This is in response to your letter of August 17, 1979, which addresses Mr. Wilson Nguyo attending the 17th Conference of the International Association of Agriculture Economists (I.A.A.E.) at BANFF., Canada.

The letter further requests that the cost of his attendance be met from the Agricultural Systems Support Project, Ministry of Agriculture Training Fund. USAID concurs in this proposal. It is our understanding that Government will pay one way transport with the training fund providing return travel from Alberta, Canada to Nairobi, Kenya and per diem in the amount of \$2,538.00.

We look forward to continuous cooperation in the implementation of this project.

Sincerely,

Glenwood P. Roane

for

Glenwood P. Roane

cc: Principal, Egerton College

Authorized Project Representatives

Mr. A. Kithinji, Director, External Aid, MOF
Mr. John Walter Njoroge, Accounts Controller, MOF
Mr. Harold Michael Onyango Josiah, Deputy Secretary, MOF



UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
U.S.A.I.D. MISSION TO KENYA

UNITED STATES POSTAL ADDRESS
NAIROBI (ID)
DEPARTMENT OF STATE
WASHINGTON, D. C. 20520

Office of the Director,
INTERNATIONAL POSTAL ADDRESS
POST OFFICE BOX 30261
NAIROBI, KENYA

September 6, 1979

Mr. F. K. Maina
General Manager
Agricultural Finance Corporation
P. O. Box 30367
Nairobi

Dear Mr. Maina:

Re: AID Project 615-0169
Agricultural Systems Support Project
Agricultural Credit Systems Support
Implementation Letter No. 14

This responds to your letter of August 21, 1979 in which you requested that one of the technical assistance positions (i.e. Internal Audit Advisor) proposed for financing under the Agricultural Credit Systems Support component of subject project be eliminated and replaced by a new technical specialty (i.e. Fiscal Planning Advisor). Included in that letter is a description of duties for the proposed position.

We accept your justification for adding the position of Fiscal Planning Advisor to the technical assistance team and hereby concur in this element of your proposal. In regard to the question of financing this new position, we note that when the ASSP project was approved, funds were authorized to provide the services of two advisors in data processing. As per previous discussions, the German foreign assistance program has continued to provide assistance in this area and thus such services will not be required under subject project. The deletion of these services would provide adequate resources for funding the new Fiscal Planning Advisor position.

In regard to your suggestion that the Internal Audit Advisor position be deleted, we concur in the deletion of the position from the current contracting effort but suggest that it remain a potential project element. We would like you to have the flexibility to reinstitute this position in the future if you find that current internal audit arrangements do not prove adequate.

- 2 -

We have submitted a draft "Request for Proposal" (RFP) document to you for your review and concurrence which, among other things calls for project services to be provided through host country contracting procedures. We solicit your concurrence in that RFP and in the proposal that contracting will be undertaken directly by AFC rather than through A.I.D. We shall, in finalizing the RFP, omit the Internal Audit Advisor position and will substitute the Fiscal Planning Advisor job description which you provided in your letter.

Sincerely,

Glenwood P. Roane

cc: Authorized Project Representatives

Mr. A. Kithinji, Director, External Aid, MOF

Mr. John Walter Njoroge, Accounts Controller, MOF

Mr. Harold Michael Onyango Josiah, Deputy Director, MOF



UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
U.S.A.I.D. MISSION TO KENYA

UNITED STATES POSTAL ADDRESS
NAIROBI (ID)
DEPARTMENT OF STATE
WASHINGTON, D. C. 20520

Office of the Director,
INTERNATIONAL POSTAL ADDRESS
POST OFFICE BOX 30261
NAIROBI, KENYA

October 30, 1979

Permanent Secretary
Ministry of Finance
P.O. Box 30007
Nairobi, Kenya (Attention: Mr. Z.N. Nyarango)

Permanent Secretary
Ministry of Agriculture
P.O. Box 30028
Nairobi, Kenya (Attention: Mr. G. Kimani)

Principal
Egerton College
P.O. Private Bag
Njoro, Kenya

Subject: Egerton College Component
ASSP No. 615-0169
Implementation Letter No. 16

Gentlemen:

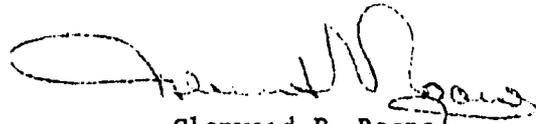
Referring to the last paragraph of our Project Implementation Letter No. 8, dated March 23, 1979, we have now received from College's Architects, Mutiso Menezes International, an estimate of sales tax and duty imposed by Government of Kenya on building materials incorporated in the construction of 20 staff houses (Contract No. 1) at the college.

According to the Architects, the total contract price of Shs. 2,786,000 includes an estimated amount of Shs. 210,600 for local sales tax and duty or 7.56 percent of the total contract price. We concur in this estimate and request that the college deduct 7.56 percent of the contract cost from the final reimbursement request to USAID. This is in accordance with Annex 3, Section B.4. Taxation of the Project Agreement and as further elaborated in Section VII. B.3. of USAID's Implementation Letter No. 1, which states that AID's disbursement for the construction cost shall be net of any identifiable taxes, tariffs, duties and other levies imposed under laws in effect in Kenya.

- 2 -

In addition, we note that the total construction contract cost is now estimated at K.Shs. 2,969,600, taking account of change orders for additional work issued so far. Therefore, AID's disbursement is currently estimated at K.Shs. 2,745,100 (K.Shs. 2,969,600, less 7.56 percent of K.Shs. 2,969,600).

Sincerely yours,

A handwritten signature in black ink, appearing to read "Glenwood P. Roane". The signature is fluid and cursive, with a large initial "G" and "P".

Glenwood P. Roane

cc: Mutiso Menezes International
P.O. Box 44934
Nairobi, Kenya



UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
U.S.A.I.D. MISSION TO KENYA

UNITED STATES POSTAL ADDRESS
NAIROBI (ID)
DEPARTMENT OF STATE
WASHINGTON, D C. 20520

Office of the Director,
INTERNATIONAL POSTAL ADDRESS
POST OFFICE BOX 30261
NAIROBI, KENYA

November 28, 1979

Permanent Secretary
Office of the Vice President
and Ministry of Finance
P.O. Box 30007
Nairobi, Kenya (Attention: Mr. Z.N. Nyarango)

Permanent Secretary
Ministry of Agriculture
P.O. Box 30028
Nairobi, Kenya (Attention: Mr. G. Kimani)

Principal
Egerton College
P.O. Private Bag
Njoro, Kenya

Subject: Egerton College Expansion
ASSP No. 615-0169
Implementation Letter No. 17

Gentlemen:

We are pleased to inform you that AID hereby approves final plans and bid documents, submitted by the College's Architects, Mutiso Menezes International, for Contract No. 2 consisting of the following construction works:

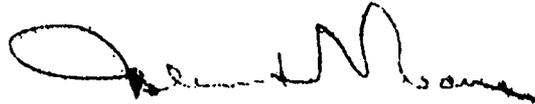
- (a) Eight four-bedroomed staff houses.
- (b) Twelve three-bedroomed staff houses.
- (c) Ten domestic worker houses.
- (d) Renovation of the existing buildings - One Assembly Hall; One Lecture Hall and Nine Halls of Residence.
- (e) Site Works.

- 2 -

This approval satisfies Section 5.4 of the Project Agreement for Contract No. 2.

We also approve the total construction cost estimated at \$861,000.00.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Glenwood P. Roane". The signature is fluid and cursive, with a large initial "G" and "R".

Glenwood P. Roane



UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
U.S.A.I.D. MISSION TO KENYA

UNITED STATES POSTAL ADDRESS
NAIROBI (ID)
DEPARTMENT OF STATE
WASHINGTON, D. C. 20520

Office of the Director,
INTERNATIONAL POSTAL ADDRESS
POST OFFICE BOX 30261
NAIROBI, KENYA

December 13, 1979

Permanent Secretary
Office of the Vice President
and Ministry of Finance
P.O. Box 30007
Nairobi (Attention: Mr. Z.N. Nyarango)

Permanent Secretary
Ministry of Agriculture
P.O. Box 30028
Nairobi (Attention: Mr. G. Kimani)

Principal
Egerton College
P.O. Private Bag
Njoro, Kenya

Subject: Egerton College Expansion
ASSP No. 615-0169
Implementation Letter No. 18

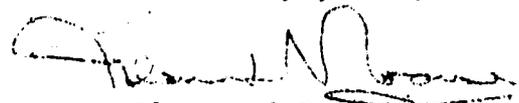
Gentlemen:

We are pleased to inform you that AID hereby approves the bid documents relative to the drilling and construction of one water borehole at Egerton College at an estimated cost of \$50,000. The documents thus approved are those dated December 1979 and prepared by Bicroconsult (Kenya), Ltd.

This approval satisfies Section 5.4 of the Project Agreement for this proposed contract.

Please note that AID must approve the proposed award and the contract in accordance with Section 5.2 of the Project Agreement prior to disbursement of AID funds.

Sincerely yours,



Glenwood P. Roane



UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
U.S.A.I.D. MISSION TO KENYA

Office of the Director,
P. O. Box 30261,
Nairobi, Kenya.

December 8, 1978

The Permanent Secretary
Ministry of Finance
P. O. Box 30007
Nairobi, Kenya

Attn: Mr. A. Githinji

Subject: Kenya Livestock Development Loan No. 615-T-008
Implementation Letter No. 21

Dear Sir:

In response to your letter (Ref. No. DV9/170/01) of October 9, 1978, this is to advise you that the USAID concurs in your request to transfer U.S. \$1,000,000 from Part A to Part C of the loan program.

Attached to this Implementation Letter is a copy of Amendment No. 2 to the loan paper, which authorizes this transfer of funds from Part A of the loan program to Part C.

Upon receipt of appropriate request documents, the USAID is prepared to take the necessary actions to add portions of the U.S. \$1,000,000 to the various disbursement authorizations in support of the North Eastern Province Range Development component (Part C) of the loan program.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Robert Muscat", is written over a horizontal line.

Robert Muscat
Acting Director

cc: Permanent Secretary, MOA
Permanent Secretary, MOWD
Attn: Mr. C. N. Mutitu
General Manager, AFC
Project Coordinator, MOA