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PD-AAC-707

4p.



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

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DEPARTMENT OF STATE  
WASHINGTON, D.C., 20520

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February 21, 1980

Permanent Secretary  
Ministry of Economic Planning and Development  
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Permanent Secretary  
Ministry of Agriculture  
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Survey of Kenya  
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Permanent Secretary  
Ministry of Water Development  
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Permanent Secretary  
Ministry of Works  
P.O. Box 30260  
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Permanent Secretary  
Ministry of Natural Resources  
P.O. Box 30126  
Nairobi

District Commissioner  
Kitui District  
P.O. Kitui

Re: Arid and Semi-Arid Lands Development Project  
AID Project No. 615-0172  
Implementation Letter No. 2

Gentlemen:

We have received Mr. Nyarango's letter of January 22, 1979, which

transmits Mr. Muthama's letter of December 6, 1979, concerning satisfaction of Conditions Precedent under the subject project. This letter responds to each of Mr. Muthama's points in turn.

Section 4.2 of the Project Agreement concerns counterparts under the planning component of the project. Mr. Muthama's letter states that the Ministry of Agriculture (MOA) will appoint a Senior Planning Officer with a Master's Degree in Agricultural Economics and at least three years experience to work with the ASAL Planner (funded under the project) and posted in the Development Planning Division of the MOA. This is excellent. After receiving confirmation that the officer is actually in place and working, this condition precedent will be satisfied as it applies to this particular counterpart position. After receiving similar confirmation concerning the remaining two planning positions (one in the Ministry of Economic Planning and Development and the other in Kitui District), AID will consider the entire Condition Precedent satisfied.

Section 5.3 of the Project Agreement concerns counterparts under the data collection component and the soil and water conservation component of the project. Mr. Muthama's letter identifies the four counterparts for the four U.S. technicians who will be working in the ASAL Branch; it also states that the Government has filled the vacancies of hydrogeologist and rural sociologist, and will establish and fill the posts of forester, cartographer, secretary, and telephone operator, as set forth on page 4 of Annex 1 of the Project Agreement. In addition, Mr. Muthama identifies five counterparts for the seven U.S. technicians who will be working in Kitui. (We understand that E.K. Kamunyu will be the counterpart for both the Soil and Water Engineer and the Soil Scientist. However, we are not clear about G. Waithaka. Is he the District Crops Officer as well as the District Farm Management Officer, and will he be the counterpart for both the Agronomist and the Farm Equipment Specialist?) Upon clarification of G. Waithaka's status, this covenant will be satisfied.

Section 4.4 of the Project Agreement concerns the availability of land and facilities at the Better Living Institute (BLI). Mr. Muthama's letter indicates that 350 acres of unutilized land will be available, when requested, for the purpose of soil and water conservation demonstrations and training. However, it does not refer to the number and type of buildings to be made available. This condition precedent (which must be satisfied before the AID-financed houses can be constructed) will be satisfied upon clarification on this issue.

Section 4.5 of the Project Agreement concerns the final plans, specifications, and cost estimates for the construction of the AID-financed houses at the BLI. We understand that the Project Submission Sheet (PSS)

has gone forward from the MOA to the Ministry of Works (MOW), and that such plans, specifications, and cost estimates can be forwarded to us soon, at which time this condition precedent will be satisfied.

In addition, we understand that the PSS for 12 additional staff houses (3 of category D and 9 of category F) as well as for 10 offices and one conference room (as yet not designed) is in the process of being prepared. This will constitute substantial progress. However, we have requested that a meeting be called by the MOA (to include MOW, MOA, and AID) to confirm that arrangements have been made with respect to the construction and financing of all the houses and offices required in Kitui. We hope this meeting can convene soon.

In summary: Section 4.2 of the Project Agreement will be satisfied when each counterpart is actually in place; Section 5.3 has been satisfied, but we request clarification regarding G. Waithaka's position and wish to be informed when the remaining positions have been established and filled; Section 4.4 will be satisfied upon clarification regarding the number and type of buildings to be provided at the BLI; and Section 4.5 will be satisfied upon receipt of the plans, specifications, and cost estimates for the AID-financed houses.

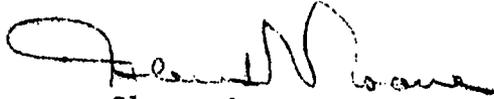
I wish to report on the status of several other aspects of the project. First, of the eight vehicles provided under the project, the GOK can expect to take delivery of one this month (for the use of the aerial photography specialist) and the remaining seven in July.

Second, an aerial photography specialist has arrived in Kenya and the Director of the Survey of Kenya will soon be assisting in the negotiation of a contract (to be financed with the project funds) to secure 60 days of his services; an extended contract to cover two years is possible. We are, therefore, confident that flights over Kitui will begin in July, 1980, as planned.

Third, the Request for Proposals (RFP), which we had hoped to forward to Washington by November 30, 1979, is, we understand, with the Ministry of Economic Planning and Development awaiting final Government approval. Since this is approximately three months behind schedule, we now expect the contract technicians to arrive in Kenya in September/October, 1980, rather than in June/July, 1980, as earlier anticipated. This, however, assumes that a GOK-approved RFP can be forwarded to Washington before the end of February.

If you have any questions regarding the project, please do not hesitate to contact us.

Sincerely,



Glenwood P. Roane

cc: Mr. J.K. Muthama  
Director of Agriculture, MOA

Mr. M.O. Were  
Project Management and Evaluation Division, MOA

Mr. C.M. Gichohi  
Arid and Semi-Arid Lands Branch, MOA

Mr. L. Ngutter  
Development Planning Division, MOA

Mr. M.M. Mukolwe  
Land Development Division, MOA

Mr. J.H.O. Kidenda  
Rural Planning Section, MOEP&D

Mr. R.H. Hook  
Rural Planning Section, MOF

Mr. ETTYANGA  
District Development Officer  
Kitui District

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PD-AAC-707

4p.

A.I.D. Project Number 615-0172

Agreement No. 0172-1-910

A M E N D M E N T      N O .   2

To The

PROJECT AGREEMENT

Between The

REPUBLIC OF KENYA

And The

UNITED STATES OF AMERICA

For The

ARID AND SEMI-ARID LANDS DEVELOPMENT PROJECT

Appropriation: 72-1191021.3

Allotment: 943-50-615-00-69-91

December 28, 1979

PROJECT AGREEMENT AMENDMENT NO. 2, dated 28th  
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 amends the Project Agreement  
of August 13, 1979, entered into by the Government and A.I.D., as  
follows:

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

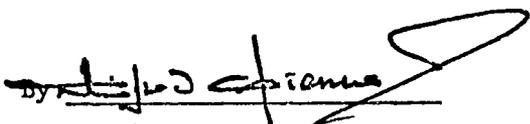
SECTION 3.1. The Grant. (a) To assist the Government to  
meet the costs of carrying out the Project, A.I.D., pursuant to  
the Foreign Assistance Act of 1961, as amended, agrees to grant  
the Government under the terms of this Agreement an amount not  
to exceed Two Million United States Dollars (\$2,000,000). With this  
obligation, the total Grant funds obligated and available to assist  
in financing the Project is now Six Million, One Hundred Seventy  
Eight Thousand United States Dollars (\$6,178,000) ("Grant"). The  
Grant may be used to finance foreign exchange costs, as defined  
in Section 6.1, and local currency costs, as defined in Section 6.2,  
of goods and services required for the Project.

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: 

*Director of External Affairs*  
Title: Permanent Secretary, Ministry  
of Finance

Title: Director, USAID/Kenya

28/11/79.

Clearances: PROG; WLeves *[Signature]*

CONT: *[Signature]* GRobinson *[Signature]*

Drafted: AGR: DChristenson: gek: 12-27-79