

UNCLASSIFIED

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D. C. 20523

PERU

PROJECT PAPER

AGRICULTURAL RESEARCH EXTENSION

AND EDUCATION
(Amendment)

AID/LAC/P-042/1

Loan Number: 527-T-073
Project Number: 527-0192

UNCLASSIFIED

| | | | | |
|---|--|--|-------------------------|--------------------|
| AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT DATA SHEET | | 1. TRANSACTION CODE <input type="checkbox"/> A = Add <input checked="" type="checkbox"/> C = Change <input type="checkbox"/> D = Delete | Amendment Number Two | DOCUMENT CODE 3 |
| 2. COUNTRY/ENTITY PERU | | 3. PROJECT NUMBER 527-0192 | | |
| 4. BUREAU/OFFICE I/A | | 5. PROJECT TITLE (maximum 40 characters) Agric. Research, Extension & Education | | |

| | |
|--|--|
| 6. PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY 08 31 87 | 7. ESTIMATED DATE OF OBLIGATION (Under "B." below, enter 1, 2, 3, or 4) A. Initial FY 80 B. Quarter 3 C. Final FY 86 |
|--|--|

| 8. COSTS (\$000 OR EQUIVALENT \$) = | | | | | | |
|-------------------------------------|--------------|--------------|--------------|-----------------|---------------|---------------|
| A. FUNDING SOURCE | FIRST FY 80 | | | LIFE OF PROJECT | | |
| | B. FX | C. L/C | D. Total | E. FX | F. L/C | G. Total |
| AID Appropriated Total | 3,285 | 6,115 | 9,400 | 9,135 | 10,515 | 19,650 |
| (Grant) | (400) | (-) | (400) | (6,250) | (-) | (6,250) |
| (Loan) | (2,885) | (6,115) | (9,000) | (2,885) | (10,515) | (13,400) |
| Other U.S. | | | | | | |
| Host Country | - | 440 | 440 | - | 6,900 | 6,900 |
| Other Donor(s) | | | | | | |
| TOTALS | 3,285 | 6,555 | 9,840 | 9,135 | 17,415 | 26,550 |

| 9. SCHEDULE OF AID FUNDING (\$000) | | | | | | | | | |
|------------------------------------|-------------------------|-----------------------|---------|------------------------|--------------|--------------------------------|--------------|--------------------|---------------|
| A. APPROPRIATION | B. PRIMARY PURPOSE CODE | C. PRIMARY TECH. CODE | | D. OBLIGATIONS TO DATE | | E. AMOUNT APPROVED THIS ACTION | | F. LIFE OF PROJECT | |
| | | 1. Grant | 2. Loan | 1. Grant | 2. Loan | 1. Grant | 2. Loan | 1. Grant | 2. Loan |
| (1) FN | 213 | 050 | 070 | 4,050 | 9,000 | 2,200 | 4,400 | 6,250 | 13,400 |
| (2) | | | | | | | | | |
| (3) | | | | | | | | | |
| (4) | | | | | | | | | |
| TOTALS | | | | 4,050 | 9,000 | 2,200 | 4,400 | 6,250 | 13,400 |

| | |
|--|-----------------------------------|
| 10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each) 080 | 11. SECONDARY PURPOSE CODE 241 |
|--|-----------------------------------|

| | |
|--|---------|
| 12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each) | |
| A. Code | BS R/AG |
| B. Amount | |

13. PROJECT PURPOSE (maximum 480 characters)

To create an Agricultural Research Extension and Education System (REE) that will enable the institutions involved in agricultural research to: (a) increase agricultural production by structuring the basis for enhancing and reinforcing the human resources required for agricultural research, extension and education; (b) provide for a continual flow of varying levels of technology which meets the needs of small and medium sized farmers, as well as those of the associate enterprises.

| | |
|---|---|
| 14. SCHEDULED EVALUATIONS Interim MM YY MM YY Final MM YY 06 86 06 87 | 15. SOURCE/ORIGIN OF GOODS AND SERVICES <input checked="" type="checkbox"/> 000 <input checked="" type="checkbox"/> 941 <input type="checkbox"/> Local <input checked="" type="checkbox"/> Other (Specify) 935 |
|---|---|

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a 10 page PP Amendment.)

| | | |
|-----------------|---|---|
| 17. APPROVED BY | Signature <i>John A. Sanbrailo</i> John A. Sanbrailo | 18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION MM DD YY |
| | Title Mission Director | |

PROJECT AUTHORIZATION
(Amendment No. 3)

Name of Country: PERU

Name of Project: Agricultural Research, Extension
and Education

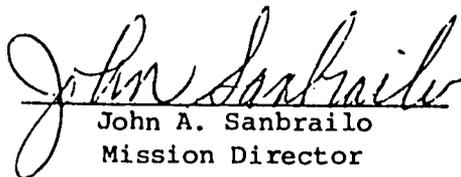
Number of Project: 527-0192

A. Pursuant to the Foreign Assistance Act of 1961, as amended, and delegations of authority issued thereunder, the Project Authorization for the Agricultural Research, Extension and Education Project was signed on March 21, 1980 and amended on June 12, 1982 and on September 28, 1984 (as amended, the "Authorization"). The Authorization is hereby amended as follows:

1. Paragraph 1 of the Authorization is deleted in its entirety and the following is substituted in lieu thereof:

a. Pursuant to Section 103 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Agricultural Research, Extension and Education Project for Peru (the "Cooperating Country") involving planned obligations of not to exceed US\$ 13,400,000 in loan funds over a one year period ("Loan") and US\$ 6,250,000 in grant funds ("Grant") over a seven year period from date of authorization, subject to the availability of funds in accordance with the AID OYB/allotment process, to help in financing foreign exchange and local currency costs for the project. The planned life of the project is eighty four months from the date of initial disbursement.

B. Except as modified herein, the Authorization remains in full force and effect.


John A. Sanbrailo
Mission Director

9/20/85
Date

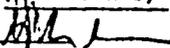
Clearances:

A/OARD:WSugrue: (in draft)

RD:TMiller: (in draft)

PROG / ADD:wRhoads: 

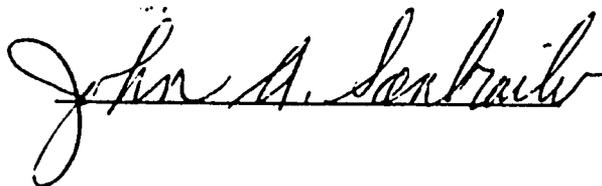
A/DR:MSilverman: (in draft)

CONT:RBonnafon 

DD:GHill: 

CERTIFICATION PURSUANT TO SECTION
611(e) OF THE FOREIGN ASSISTANCE ACT OF
1961, AS AMENDED

I, John A. Sanbrailo, the principal officer of the Agency for International Development in Peru, having taken into account, among other factors, the maintenance and utilization of projects in Peru previously financed or assisted by the United States, do hereby certify that in my judgement Peru has both the financial capability and human resources capability to effectively maintain and utilize the proposed Project including the Supplement:
AGRICULTURAL RESEARCH, EXTENSION, AND EDUCATION PROJECT.



John A. Sanbrailo

Director

USAID/Peru

9/20/85

Date

Project Paper Amendment No. 2,
Research, Extension and Education Project
No. 527-0192

I. Summary

The purpose of this amendment is to increase the life-of-project (LOP) funding by \$6.35 million in order to expand and extend capital assistance for facilities improvement, equipment, training, and support costs provided under this project so that the original goals and purpose can be fully met. A recent Amendment (Amendment No. 1, September 28, 1984) to the Project Paper documented changes in project design which occurred since authorization in 1980, and which continue in force under this amendment. This amendment was in response to recommendations from an in depth, BIFAD-led, mid-term evaluation of the project in early 1984, and from a request from the Implementing Agency, the National Institute for Agricultural Research and Extension (INIPA). Amendment No. 1 extended the project by two years, authorized the recommended set of expanded and modified activities, and provided additional funding for expanding and extending the requisite technical assistance. This Project Paper amendment (No. 2) provides the funding for additional capital assistance associated with the same set of expanded and modified activities in order to achieve the original goal and purpose of the Project.

II. Background and Current Status of Project

The project's purpose is to create an agricultural research, extension and education (REE) system that will enable INIPA to: (a) increase agricultural production by structuring the basis for enhancing and reinforcing the human resources required for agricultural research extension and education; and (b) provide for a continual flow of varying levels of agricultural technology which meet the needs of the small and medium-sized farmers, as well as those of the associative enterprises. Project components, described in the original Project Paper (PP), are the formation of: (1) five national commodity programs (NPPs) for corn, rice, potatoes, small grains, and grain legumes; (2) six regional service laboratories; (3) five regional research centers (RRCs); (4) a national research support unit; (5) an education program for professional and technical training; and (6) a national REE management division.

The Project Agreement was signed on August 26, 1980. Subsequently, as project implementation began in late 1980, the GOP began studying a plan to reorganize the Ministry of Agriculture. One of the changes under the reorganization was to combine the National Extension Service and the National Institute of Agricultural Research into the National Institute of Agricultural Research and Extension (INIPA). The creation of INIPA delayed implementation for over a year.

A contract was signed with North Carolina State University (NCSU) in January 1982 to provide technical assistance to INIPA in implementing the project components. NCSU spent the first eight months of its contract helping INIPA to organize the layout of the overall plan for a \$121.0 million nationwide, integral REE program which is being jointly financed by AID, IBRD, IDB and the GOP.

The Project provides conceptual and financial support for renovating and rejuvenating Peru's REE system by emphasizing the development of a strong, well-trained staff and the integration of research, extension, and education institutions into a functional system linked to farmers, to industry and to the international network of agricultural sciences.

III. Rationale and Need

Additional grant funds of \$2.3 million were provided at the time of the second amendment to the project for additional technical assistance requirements of the extended project with its modified and expanded set of activities. Preliminary USAID and INIPA estimates at that time suggested that additional funds for capital assistance also would be required to implement the extended project. These estimates were based on preliminary data from INIPA for its project capital assistance requirements for 1985, and gross estimates for 1986. A concurrent pipeline review of the project loan account indicated a relatively low expenditure rate and the possibility that sufficient flexibility might exist to meet capital assistance requirements of the extended project assuming the low expenditure rate was maintained. Given the urgent need at that time to assure continuity of technical assistance from North Carolina State University, the decision was taken to amend the project (No. 1) only to provide additional funds for technical assistance, and to reassess the need for additional funds for capital assistance when the more detailed, and final information on capital assistance requirements from implementing the recommendations of the evaluation were provided by INIPA.

Present funding levels are inadequate to complete Project activities. INIPA's detailed financial and implementation plans for 1985 and 1986 now have been prepared and indicate the need for an additional AID contribution of \$6.35 million. An analysis of project expenditures from project inception through December 31, 1984 shows a very large increase in the expenditure rate and a projection for the rest of the life of project of a continued high rate of expenditures from the loan account, given capital assistance needs. These data also suggest existing loan funds will be exhausted around August 1985.

A parallel analysis was carried out for capital assistance requirements from counterpart (GOP) sources for the project indicate counterpart funding requirements of additional \$2.15 million for GOP-financed inputs. The additional GOP counterpart funds will be directed toward the same components and elements of the Project discussed below. The principal inputs to be provided by the GOP include personnel, support costs, and some commodities and facility improvements.

IV. Description of the PP Amendment Activities

The project goal and purposes remain the same.

The following activities will be supported by the additional capital assistance under this amendment in accord with evaluation recommendations to assure that project purposes and goals will be realized as fully and completely as possible:

1. Five National Production Programs in corn and sorghum, rice, small grains, roots and tubers, and grain legumes,
2. Two Regional Systems Programs which integrate the research and extension efforts of INIPA in support of farming systems and multiple crop-livestock enterprises, one in the Sierra, and one in the Selva,
3. Three special support activities for INIPA's extension efforts including: (a) an Agro-economics Program for determining profitability of alternative technologies and other relevant micro economic analyses; (b) an expanded Service Laboratory Program to provide soil, plant, and water analyses to farmers; and (c) a Foundation Seed Program to assure adequate supplies of foundation seed to farmer-cooperators who produce certified seed,
4. Two special support activities for INIPA's research program: (a) an Integrated Pest Management Program at the national level to provide backstopping support to the five Regional Research Centers supported by the project; and (b) a Genetic Resources Program at the national level to assure the collection and propagation of native germplasm and access to international germplasm banks,
5. An expanded human resources/education program to strengthen INIPA's human resources capability, including: (a) a Human Resources Office in INIPA for coordinating all training efforts; and (b) a University Linkages program to assure improved relationships and mutual support between INIPA and UNA; and
6. Three special management support activities in INIPA including: (a) a Quantitative Methods Office for improved analytical capability for management and research; (b) an International Cooperation Office to coordinate and integrate foreign donor support and international cooperation; and (c) assistance to improve the management of physical and financial resources. This component links the project with the management improvement activities being supported by the Agricultural Planning and Institutional Development (APID) Project.

Under this amendment additional AID funds of \$6.35 million for capital assistance will be provided, as well as additional counterpart funds of \$2.1 million. These funds will be used for (1) facilities improvement, (2) commodities and equipment, (3) training, and (4) support costs, for the activities described above.

V. Implementing Agency and Administrative Feasibility

The project is implemented by the INIPA through its system of eighteen Centers for Agricultural Research and Promotion (CIPAs) which are located roughly along departmental lines throughout Peru. The Institute (INIPA) was created in 1981 as part of the reorganization of agricultural research and extension mentioned earlier.

The mid-term evaluation concluded that INIPA has demonstrated considerable growth and development as evidenced by the success of the National Production Programs, its training effort, the new System and Support Programs and the integration of various loans and grants into the Integral REE program. This amendment will further strengthen the administrative capacity of INIPA through the management support activities mentioned above.

VI. Beneficiaries

The major beneficiaries of the project are the approximately 1,200,000 small and medium sized farmers of the Coast, Sierra and Selva who fall under the mandate of INIPA and who are involved in the production of the crops which this project covers. Although some farmers will benefit more directly than others as they will have more immediate access to technology being developed, all farmers should benefit as the technology and information is disseminated. In addition, all consumers of food will be benefitted as production of basic food items increases (as has occurred in rice) with moderation of prices. This will especially benefit the large bloc of relatively poor urban consumers.

VII. Revised Financial Plan

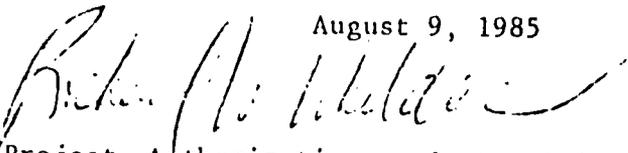
TABLE I
 SUMMARY FINANCIAL PLAN
 U.S. DOLLARS

| <u>Project Activity</u> | LC | Loan | | Grant FX | TOTALS | | GRAND TOTAL |
|-------------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|
| | | FX | TOTAL | | TOTAL AID | COF | |
| Extension | 4,908,374 | 963,000 | 5,871,374 | 913,561 | 6,784,935 | 2,863,000 | 9,647,935 |
| Research | 3,174,346 | 1,166,000 | 4,340,346 | 940,689 | 5,281,035 | 2,197,000 | 7,478,035 |
| Human Resources | 413,268 | 462,835 | 876,103 | 271,906 | 1,148,009 | 213,382 | 1,361,391 |
| R&E Administration | 1,657,725 | | 1,657,725 | 548,221 | 2,205,946 | 1,590,070 | 3,796,016 |
| INF and CONT | 9,835 | 293,165 | 303,000 | | 303,000 | | 303,000 |
| FMR | 85,075 | | 85,075 | | 85,075 | 36,548 | 121,623 |
| T.A. | 266,377 | | 266,377 | 3,575,623 | 3,842,000 | | 3,842,000 |
| | <u>10,515,000</u> | <u>2,885,000</u> | <u>13,400,000</u> | <u>6,250,000</u> | <u>19,650,000</u> | <u>6,900,000</u> | <u>26,550,000</u> |

(W1402A)

ACTION MEMORANDUM TO THE DIRECTOR

August 9, 1985

FROM: Richard W. Whelden, CD 

SUBJECT: Approval of Amended Project Authorization and Amended Project Agreement and Issuance of PP Supplement for the Agricultural, Research, Extension and Education Project (REE) (527-0192)

PROBLEM

Your approval is sought to: (1) amend the subject Project Authorization to increase the life of Project AID contribution by \$6.35 million dollars, and to issue a Supplement to be attached to the PP; and (2) to sign the Amended Project Agreement effecting an increase in grant funds of \$2,200,000.

BACKGROUND

The project's purpose is to create an agricultural research, extension and education (REE) system that will enable INIPA to: (a) increase agricultural production by structuring the basis for enhancing and reinforcing the human resources required for agricultural research, extension and education; and (b) provide for a continual flow of varying levels of agricultural technology which meet the needs of the small and medium-sized farmers, as well as those of the associative enterprises. Present AID financing levels are authorized at \$9,000,000 and \$4,300,000 of loan and grant funds respectively. The PACD is August 31, 1987. Project components are the formation of: (1) five National Production Programs, and Sierra and Jungle Systems programs; (2) Extension Support Programs in Agro-economics, Service laboratories and Foundation Seed Production, and Research Support Programs in Integrated Pest Management and Genetic Resources; (3) a Human Resources/Education Program; and (4) Management Support in quantitative methods, international cooperation, and physical and financial resources. This project provides the conceptual and financial support for renovating and rejuvenating Peru's REE system by emphasizing the development of a strong, well trained staff and the integration of research, extension and education institutions into a functional system linked to farmers, to industry and to the international network of agricultural sciences.

DISCUSSION

On September 28, 1984, an amendment to the Project Authorization and a supplement to the Project Paper were approved. These two actions brought about two changes to the project. First, the amendment to the authorization provided for an increase in grant funding for the technical assistance needed to support the expanded project. The PP Supplement documented changes in project design and laid out the expanded and/or modified set of components needed to achieve the purpose of the project. These are the formation of:

1. Five National Production Programs in corn and sorghum, rice, small grains, roots and tubers, and grain legumes;

2. Two Regional Systems Programs which integrate the research and extension efforts of INIPA in support of farming systems and multiple crop-livestock enterprises, one in the Sierra, and one in the Selva;
3. Three special support activities for INIPA's extension efforts including: (a) an Agro-economics Program for determining profitability of alternative technologies and other relevant micro economic analyses; (b) an expanded Service Laboratory Program to provide soil, plant, and water analyses to farmers; and (c) a Foundation Seed Program to assure adequate supplies of foundation seed to farmer-cooperators who produce certified seed;
4. Two special support activities for INIPA's research program: (a) an Integrated Pest Management Program at the national level to provide backstopping support to the five Regional Research Centers supported by the project; and (b) a Genetic Resources Program at the national level to assure the collection and propagation of native germplasm and access to international germplasm banks;
5. An expanded human resources/education program to strengthen INIPA's human resources capability, including: (a) a Human Resources Office in INIPA for coordinating all training efforts; and (b) a University Linkages program to assure improved relationships and mutual support between INIPA and UNA; and
6. Three special management support activities in INIPA including: (a) a Quantitative Methods Office for improved analytical capability for management and research; (b) an International Cooperation Office to coordinate and integrate foreign donor support and international cooperation; and (c) assistance to improve the management of physical and financial resources. This component links the project with the management improvement activities being supported by the Agricultural Planning and Institutional Development (APID) Project.

Preliminary USAID and INIPA estimates at the time suggested that additional assistance might be required to fully implement the project. However, a review of the project's pipeline indicated a low expenditure rate in items other than technical assistance. Therefore, the Mission decided to consider additional resources for capital assistance based on improved progress in project implementation. INIPA and AID have now completed an in-depth review of the project's current financial situation and the 1985 and 1986 implementation plans. This analysis showed a dramatic increase in expenditures during the past year and a projection for a similar expenditure rate through the PACD. This analysis demonstrated that present funding levels are clearly inadequate to carry out the approved set of project activities. Existing funds should be fully committed within the month and, as such, no funds will be available to carry out the remaining program activities. Based on this analysis the Ministry of Agriculture requested an increase in the authorized life of project funding levels and a joint INIPA/USAID team met with representatives of the Ministry of Economy and Finance (MEF) to discuss the requirements for such an amendment.

Table 1

Authorized Life of Project

| <u>AID</u> | <u>PRESENT</u> | <u>INCREASE</u> | <u>TOTAL</u> |
|----------------|----------------|-----------------|--------------|
| Loan | 9,000 | 4,400 | 13,400 |
| Grant | <u>4,300</u> | <u>1,950</u> | <u>6,250</u> |
| | 13,300 | 6,350 | 19,650 |
| <u>GOP</u> | | | |
| Contribution | 4,750 | 2,100 | <u>6,850</u> |
| | | | 6,500 |

TABLE 2

Proposed Obligation (\$,000)

| | <u>PRESENT</u> | <u>INCREASE</u> | <u>TOTAL</u> |
|----------------|----------------|-----------------|---------------|
| <u>AID</u> | | | |
| LOAN | 9,000 | | 9,000 |
| GRANT | <u>4,050</u> | <u>2,200</u> | <u>6,250</u> |
| SUBTOTAL | 13,050 | 2,200 | 15,250 |
| <u>GOP</u> | | | |
| Counterpart | 4,750 | 350 | 5,100 |
| TOTAL | <u>17,800</u> | <u>2,550</u> | <u>20,350</u> |

The proposed amendment to the Authorization and PP Supplement provide for an additional increase to the AID life of project contribution of \$6.35 million (see Table 1). These funds will finance the facilities improvement equipment, training and support costs, needed to fully carry out the components described above and achieve the Project's purpose.

It is proposed to obligate the final increment of grant funds at this time (see Table 2). Therefore, the attached loan/grant agreement provides for this increase and increase to GOP counterpart levels. An additional GOP budget increase for the FY 1985 (Jan-Dec) will not be required as the Credito Suplementario in July 1985 provided 19,500 million soles which is a sufficient funding level for 1985. INIPA is now submitting their budget for 1986. Once the Amendment No. 8 to the Project Agreement is signed the GOP can go ahead with approving resources for next year. If approved by the GOP, as is expected, it should include sufficient resources to cover the counterpart needs of the project over the next calendar year. The loan/grant amendment has been fully discussed with representatives from the MEF/INIPA ~~once~~ the Minister of Agriculture has formally requested MEF approval of the amendment. They understand and the attached PIL formally explains that the present obligation of grant funds is being done as an administrative convenience and that AID expects that future increments will probably have to be loan funded.

Lima 05661 dated May 21, 1985, cabled the project paper supplement and the CN to AID/W. STATE 215478 dated July 15, 1985, transmitted the AA/LAC approval of the nature and scope of the amplified project and authorized the increase in authorized LOP funding and loan/grant split described in Table 1. The CN expired July 25, 1985.

RECOMMENDATION

That, pursuant to Redelelegation of Authority No. 133.3, Section II, B, you approve this project amendment effecting an increase of \$1,950,000 in grant funds and \$4,400,000 in loan funds by signing the attached amendment to the Authorization, the 611(e) certification and the Project Paper Amendment facesheet. Upon notification that the Brooke Alexander Amendment and 620Q restrictions no longer apply, the attached amendment to the project Agreement with the GOP which provides the final increment of grant funds (\$2,200,000) to this project along with the PIL should be signed.

Drafted by:CD:RWhelden

CLEARANCES

AGR:TMiller: (in draft)
ADR:MSilverman: (in draft)
CONT:RBonnaffon: (in draft)
PROG/ADD:WRhoads: (in draft)
DD:GHill: 4



AGENCY FOR INTERNATIONAL DEVELOPMENT

UNITED STATES AID MISSION TO PERU

C/O AMERICAN EMBASSY

LIMA, 1 PERU

TELEPHONE: 286200

September 20, 1985

CABLE: USAID/LIMA

Sr. Javier Abugattas Fatule
Director General de Crédito Público
Ministerio de Economía y Finanzas
LIMA

Mr. Javier Abugattas Fatule
Director General of Public Credit
Ministry of Economy and Finance
LIMA

REF. Préstamo A.I.D. No. 527-T-073
Proyecto A.I.D. No. 527-0192
Proyecto de Investigación,
Extensión y Educación Agrícola
Carta de Ejecución No. 36

REF. A.I.D. Loan No. 527-T-073
A.I.D. Project No. 527-0192
Agricultural Research, Extension
and Education Project
Implementation Letter No. 36

Estimado Sr. Abugattas.

Dear Mr. Abugattas.

Me es grato dirigirle la presente con respecto al Proyecto de Investigación, Extensión y Educación Agrícola. Las evaluaciones conjuntas realizadas por INIPA/AID y asesorías independientes, indican que este esfuerzo mutuo está dando muy buenos resultados. Como es de su conocimiento, el Ministerio de Agricultura ha solicitado al Ministerio de Economía y Finanzas gestione a su vez con la A.I.D. un incremento de la contribución al Proyecto por un monto de aproximadamente Seis Millones Trescientos Cincuenta Mil dólares (\$6,350,000), de los cuales Dos Millones Doscientos Mil dólares (\$2,200,000) estarían disponibles para financiar los costos hasta el fin del año 1985.

I am taking this occasion to write to you regarding the Agricultural Research, Extension and Education Project. Joint INIPA/AID evaluations and independent assessments indicate that this collaborative effort is yielding very positive results. As you know, the Ministry of Agriculture has requested the Ministry of Economy and Finance to seek an increase in A.I.D.'s contribution to the Project by approximately Six Million Three Hundred and Fifty Thousand dollars (\$6,350,000) of which Two Million Two Hundred Thousand dollars (\$2,200,000) would be made available to support costs for the rest of this year.

Con respecto al incremento de la contribución total de A.I.D. durante la vigencia del proyecto, nos place confirmar nuestro interés en continuar apoyando a este importante Proyecto, sujeto a la disponibilidad de fondos. El presupuesto de INIPA para el proyecto muestra la necesidad de aproximadamente Dos Millones Cien Mil dólares (\$2,100,000) de recursos

With regard to the overall increase to A.I.D.'s life of project contribution, A.I.D. is pleased to confirm its interest subject to the availability of funds, in continuing its support to this important project. INIPA's budget for the project indicates a need for approximately Two Million One Hundred Thousand (\$2,100,000) in additional GOP counterpart resources

adicionales de contrapartida del Gobierno Peruano en apoyo de este Proyecto hasta agosto de 1987. Se entiende, sin embargo, que ningun incremento en el presupuesto será necesario para 1985 debido a que el Gobierno Peruano ha aprobado reajustes en el presupuesto, y este año el Convenio de la LP-480 Título I provee suficientes niveles de apoyo de contrapartida local para las actividades de ejecucion en 1985.

Con relación a su segunda solicitud, la A.I.D. considera pertinente un incremento al monto de la Donación de Dos Millones Doscientos Mil Dolares (\$2,200,000) para este importante Proyecto. Sírvase tomar nota que el incremento de los montos de la Donación propuesto es una excepcion a las políticas generales de la A.I.D. Tenemos el proposito de financiar aquellos fondos adicionales provenientes de la A I D bajo el Proyecto, sujeto a la disponibilidad de fondos, a bajo interes de prestamo

Adjunto estamos enviándole seis copias de la Enmienda No 8 al Convenio del Proyecto, la cual incluye los cambios mencionados los que han sido discutidos con INIPA y con miembros de su personal. Mucho agradeceremos nos devuelva todas las copias firmadas en el lugar indicado para suscribir los mismos. Oportunamente le enviaremos las dos copias respectivas para sus registros y archivos.

Hago propicia la oportunidad para expresar le los sentimientos de mi consideración y estima.

Atentamente,


John A. Sanbrailo
Mission Director

Sincerely,

in support of this Project through August 1987. It is understood however, that no budget increase for 1985 will be necessary because approved GOP budget levels and this year's PL-480 Title I Agreement already provide sufficient levels of national counterpart support for implementation activities in 1985.

A.I.D. supports your second request to provide an increase in grant levels of Two Million Two Hundred Thousand dollars (\$2,200,000) for this important project. Please be aware that this proposed increase in grant levels represents a one time exception to general A.I.D. policy. It is intended that additional funds provided by A.I.D. under this project will be financed, subject to the availability of funds, with low interest loan financing.

We are hereby transmitting six copies of Amendment No. 8 to the referenced Project Agreement covering the above mentioned changes to the project which have been fully discussed with INIPA and members of your staff. When signed, please return all the copies for my signature. Afterwards we will provide you with two copies for your files.

Proyecto AID No. 527-0192
AID Project No. 527-0192
Préstamo AID No. 527-T-073
AID Loan No. 527-T-073

ENMIENDA No. OCHO
AMENDMENT No. EIGHT

AL
TO

CONVENIO DE PROYECTO
PROJECT AGREEMENT

ENTRE
BETWEEN

LA REPUBLICA DEL PERU
THE REPUBLIC OF PERU

Y
AND

LOS ESTADOS UNIDOS DE AMERICA
THE UNITED STATES OF AMERICA

PARA
FOR

PROYECTO DE INVESTIGACION, EXTENSION Y EDUCACION AGRICOLA
AGRICULTURAL RESEARCH, EXTENSION AND EDUCATION PROJECT

Codificación Contable:
Accounting Symbols:
Approp.: 72-1151021
Budget Plan Code: LDAA-85-25527-AG13

FECHA: 20 de Setiembre de 1985
DATE : September 20, 1985

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ENMIENDA No. OCHO de fecha Setiembre 20 de 1985, entre los Estados Unidos de América, representado por la Agencia para el Desarrollo Internacional ("A.I.D."), y la República del Perú ("Perú"):

POR CUANTO, el Perú y la A.I.D. celebraron un Convenio de Proyecto de Préstamo/Donación el 26 de agosto de 1980 para el Proyecto de Investigación, Extensión y Educación Agrícola; (el "Proyecto");

POR CUANTO, el Perú y la A.I.D. enmendaron el Convenio con la Enmienda No. Uno al Convenio de Proyecto de Préstamo/Donación el 17 de marzo de 1981;

POR CUANTO, el Perú y la A.I.D. enmendaron el Convenio con la Enmienda No. Dos al Convenio de Proyecto de Préstamo/Donación el 13 de enero de 1982;

POR CUANTO, el Perú y la A.I.D. enmendaron el Convenio con la Enmienda No. Tres al Convenio de Proyecto de Préstamo/Donación el 14 de enero de 1983;

POR CUANTO, el Perú y la A.I.D. enmendaron el Convenio con la Enmienda No. Cuatro al Convenio de Proyecto de Préstamo/Donación el 7 de marzo de 1983;

POR CUANTO, el Perú y la A.I.D. enmendaron el Convenio con la Enmienda No. Cinco al Convenio de Proyecto de Préstamo/Donación el 16 de febrero de 1984;

POR CUANTO, el Perú y la A.I.D. enmendaron el Convenio con la Enmienda No. Seis al Convenio de Proyecto de Préstamo/Donación el 28 de setiembre de 1984;

AMENDMENT No. EIGHT dated September 20, 1985, between the United States of America, acting through the Agency for International Development ("A.I.D."), and the Republic of Peru ("Peru");

WHEREAS, Peru and A.I.D. entered into a Project Loan/Grant Agreement dated August 26, 1980 for the Agricultural Research, Extension and Education Project (the "Project");

WHEREAS, Peru and A.I.D. entered into Amendment No. One to the Project Loan/Grant Agreement on March 17, 1981;

WHEREAS, Peru and A.I.D. entered into Amendment No. Two to the Project Loan/Grant Agreement on January 13, 1982;

WHEREAS, Peru and A.I.D. entered into Amendment No. Three to the Project Loan/Grant Agreement on January 14, 1983;

WHEREAS, Peru and A.I.D. entered into Amendment No. Four to the Project Loan/Grant Agreement on March 7, 1983;

WHEREAS, Peru and A.I.D. entered into Amendment No. Five to the Project Loan/Grant Agreement on February 16, 1984;

WHEREAS, Peru and A.I.D. entered into Amendment No. Six to the Project Loan/Grant Agreement on September 28, 1984;

POR CUANTO, el Perú y la A.I.D. enmendaron el Convenio con la Enmienda No. Siete al Convenio de Proyecto de Préstamo/Donación el 28 de diciembre de 1984 (según enmienda, el "Convenio");

POR CUANTO, A.I.D. ha acordado donar al Perú la cantidad de Cuatro Millones Cincuenta Mil Dólares Dólares de los Estados Unidos (\$4,050,000) bajo los términos del Convenio;

POR CUANTO, A.I.D. ha acordado prestar al Perú la cantidad de Nueve Millones de Dólares de los Estados Unidos (\$9,000,000) bajo los términos del Convenio; y

POR CUANTO, el Perú y la A.I.D. desean enmendar el Convenio para incrementar los fondos de donación de A.I.D. en Dos Millones Doscientos Mil Dólares de los Estados Unidos (\$2,200,000).

La presente Enmienda es suscrita sujeta a ratificación del Gobierno Peruano mediante un Decreto Supremo.

POR LO TANTO, las Partes acuerdan que el Convenio sea enmendado como sigue:

1. La Sección 3.1 del Convenio es anulada y substituída por la siguiente sección:

"SECCION 3.1 La Donación y el Préstamo

Para asistir al Perú a cubrir los costos para llevar a cabo el Proyecto, A.I.D., de acuerdo con el Acta de Asistencia al Exterior de 1961, y sus enmiendas, acuerda donar al Perú, bajo los términos del Convenio, una cantidad que no exceda Dos Millones

WHEREAS, Peru and A.I.D. entered into Amendment No. Seven to the Project Loan/Grant Agreement on December 28, 1984 (as amended, the "Agreement");

WHEREAS, A.I.D. has agreed to grant to Peru the amount of Four Million Fifty Thousand United States Dollars (\$4,050,000) under the terms of the Agreement;

WHEREAS, A.I.D. has agreed to lend to Peru the amount of Nine Million United States Dollars (\$9,000,000) under the terms of the Agreement; and

WHEREAS, Peru and A.I.D. desire to amend the Agreement to increase the amount of A.I.D. Grant funding by Two Million Two Hundred Thousand United States Dollars (\$2,200,000).

This amendment is signed subject to ratification by the Government of Peru pursuant to a Supreme Decree.

NOW THEREFORE, the Parties hereto hereby agree that the Agreement shall be amended as follows:

1. Section 3.1 of the Agreement is deleted and the following is substituted in lieu thereof:

"SECTION 3.1 The Grant and the Loan

To assist Peru 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 to Peru under the terms of the Agreement an amount not to exceed Two Million Two Hundred

Doscientos Mil Dólares de los Estados Unidos (\$2,200,000) que suplementan los \$4,050,000 previamente donados bajo el Convenio, ascendiendo el total donado a la fecha a la cantidad de Seis Millones Doscientos Cincuenta Mil Dólares de los Estados Unidos (\$6,250,000) (la "Donación") y prestar al Perú, bajo los términos del Convenio, una cantidad que no exceda de Nueve Millones de Dólares de los Estados Unidos (\$9,000,000) (el "Préstamo"). El monto total de desembolsos bajo el Préstamo constituye el capital del Préstamo. Todas las referencias a la financiación con fondos de donación en el Convenio y sus Anexos están sujetas a las condiciones de la Sección 3.2.

El Préstamo y la Donación pueden ser utilizados para financiar los costos en dólares (tal como se define en la Sección 7.1) y los costos en Soles Oro peruanos (tal como se define en la Sección 7.2) de bienes y servicios requeridos para el Proyecto."

2. Se anula la Sección 3.2 (a) del Convenio y se substituye por la siguiente sección:

"(a) La contribución de A.I.D. a la porción del Proyecto financiada con fondos de Donación se proporciona en incrementos y se hace efectiva de acuerdo con la Sección 3.1 del Convenio. El incremento final de \$2,200,000 proporcionado bajo la Sección 3.1, completa el total de la contribución de A.I.D. con fondos de donación de \$6,250,000 para la duración del proyecto".

Thousand United States Dollars (\$2,200,000) which supplements the \$4,050,000 previously granted under the Agreement, for a total cumulative amount granted to date of Six Million Two Hundred Fifty Thousand United States Dollars (\$6,250,000) (the "Grant"), and to lend to Peru under the terms of the Agreement an amount not to exceed Nine Million United States Dollars (\$9,000,000) (the "Loan"). The aggregate amount of disbursements under the Loan is referred to as "Principal". All references to Grant-financing in the Agreement are subject to the Conditions set forth in Section 3.2.

The Loan and the Grant may be used to finance U.S. Dollar costs (as defined in Section 7.1) and Peruvian Soles Oro costs (as defined in Section 7.2) of goods and services required for the Project."

2. Section 3.2 (a) of the Agreement is deleted and the following is substituted in lieu thereof:

"(a) A.I.D.'s contribution to the Grant-financed portion of the Project is provided in increments and is made available in accordance with Section 3.1 of the Agreement. The final increment of \$2,200,000 provided under Section 3.1, completes A.I.D.'s total grant contribution to the Project of \$6,250,000 for the life of the Project."

3. En la Sección 3.3 (b) anular la cantidad "US\$4,750,000 (Cuatro Millones Setecientos Cincuenta Mil Dólares de los Estados Unidos)" y sustituirla por la siguiente cantidad "US\$5,100,000 (Cinco Millones Cien Mil Dólares de los Estados Unidos)."

4. Se anula el Resumen del Plan Financiero del Anexo 1 según enmienda, y se substituye por el nuevo Resumen del Plan Financiero adjunto a esta enmienda.

Excepto de lo enmendado o modificado aquí, el Convenio permanece en plena fuerza y vigencia.

EN FE DE LO CUAL, el Perú y los Estados Unidos de América, a través de sus respectivos representantes, debidamente autorizados para el efecto, han suscrito esta Enmienda No. Ocho en sus nombres el día y año que aparecen en la primera página.

REPUBLICA DEL PERU

Por: Javier Abugattas Fatule

Título: Director General de Crédito Público, MEF

3. In Section 3.3 (b), delete "US\$4,750,000 (Four Million Seven Hundred Fifty Thousand United States Dollars)" and substitute in lieu thereof "US\$5,100,000 (Five Million One Hundred Thousand United States Dollars)."

4. The Summary Financial Plan of Annex 1 of the Project Agreement as amended, is hereby deleted and substituted in lieu thereof by the attached new Summary Financial Plan to this Amendment.

Except as expressly amended or modified herein, the Agreement remains in full force and effect.

IN WITNESS WHEREOF, Peru and the United States of America, each acting through its respective duly authorized representative, have caused this Amendment No. Eight to be signed in their names and delivered as of the day and year first above written.

UNITED STATES OF AMERICA

By: John A. Sanbrailo

Title: Mission Director
USAID

RESUMEN DEL PLAN FINANCIERO DEL PROGRAMA DE INVESTIGACION,
EXTENSION Y EDUCACION AGRICOLA

SUMMARY FINANCIAL PLAN FOR AGRICULTURAL RESEARCH,
EXTENSION AND EDUCATION PROJECT

| | PRESTAMO LOAN | | DONACION GRANT | GDP GOP | TOTAL |
|--|------------------|------------------|-------------------|------------------|-------------------|
| | FX | LC | | | |
| Extension Extensión | 963,000 | 3,451,000 | 913,561 | 1,988,000 | 7,315,561 |
| Research Investigación | 816,000 | 1,884,000 | 940,689 | 1,692,000 | 5,332,689 |
| Human Resources Recursos Humanos | 462,835 | 357,165 | 271,906 | 122,000 | 1,213,906 |
| RBE Administration Administración IEE | -- | 763,000 | 548,221 | 1,280,000 | 2,591,221 |
| Infrastructure Infraestructura | 293,165 | 9,835 | -- | -- | 303,000 |
| Financial Management Review Revisión Gerencial Financiera | -- | -- | -- | 18,000 | 18,000 |
| Technical Assistant Asistencia Técnica | -- | -- | 3,575,623 | -- | 3,575,623 |
| | <u>2,535,000</u> | <u>6,465,000</u> | <u>6,250,000</u> | <u>5,100,000</u> | <u>20,350,000</u> |