

THIS IS A PRIMARY OBLIGATING DOCUMENT  
THAT IS NOT PURSUANT TO A HANDBOOK 3  
PROJECT AGREEMENT

PD-AAA-689  
NEW 731



AGENCY FOR INTERNATIONAL DEVELOPMENT

UNITED STATES AID MISSION TO PERU

110 AMERICAN EMBASSY

LIMA, 1 PERU

TELEPHONE 333200

CABLE USMID.LIMA

April 18, 1986

Eng. Lander Pacora Coupén  
Executive Director  
Fundación para el Desarrollo Agropecuario  
República de Chile 376  
Edificio Sarmiento  
Lima, Peru

Subject: Agricultural Technology Transformation Project.  
Project No. 527-0282.  
Grant No. 527-0282-G-00-8198-00

Dear Eng. Pacora:

1. Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "AID" or "Grantor") hereby grants to the Fundación para el Desarrollo Agropecuario - FUNDEAGRO (hereinafter referred to as "FUNDEAGRO" or "Grantee"), the sum of US\$1,663,300 to support Grantee in planning and implementing activities described in Attachment 1 hereto, entitled "Schedule", and Attachment 2 hereto, entitled "Program Description". Subject to the availability of funds for this purpose and to the mutual agreement of the Grantor and Grantee (hereinafter referred to as the "Parties"), AID plans to provide during the period of this Grant, shown in Attachment 1 hereto, additional grant increments not to exceed US\$2,470,900, for a total cumulative amount not to exceed US\$4,134,200 (hereinafter referred to as the "Grant").

2. It is understood and agreed by the Parties that:

a. Activities to be planned and implemented with support from this Grant are in furtherance of the purposes of the Agricultural Technology Transformation Project Agreement (ATT ProAg AID Project No. 527-0282), agreed to and signed by the Government of Peru and the United States of America (acting through AID) on September 25, 1987,

b. Upon satisfactory progress by Grantee in implementing the activities supported by and during the period of this Grant, and subject to the availability of AID funds for this purpose, it is the intention of Grantor to provide, and of Grantee to accept, an additional Grant (or Grants) to continue to support activities of Grantee beyond the end date of this Grant in furtherance of the purposes of the ATT Project as specified in the ATT ProAg and as the Parties may from time to time agree.

c. Under the ATT ProAg, the Government of Peru (GOP) has agreed to provide Counterpart resources during the life of the ATT Project, for carrying out those ATT Project activities for which FUNDEAGRO has implementation and management responsibilities. FUNDEAGRO agrees to use its best efforts to assure that GOP Counterpart resources are provided in agreed amounts and in a timely manner for supporting Project activities implemented and managed by FUNDEAGRO as specified in the ATT ProAg.

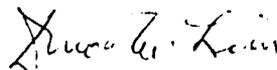
3. By signing this Grant Document, Grantee acknowledges receipt of a copy of the document entitled "Peru Project Paper-Agricultural Technology Transformation, AID/LAC/P-392, Project Number 527-0282", and agrees that said document shall serve as the basic guide in planning and implementing activities supported under this Grant, and further agrees that departures from that guidance require prior approval by the USAID/Peru ATT Project Manager.

4. This Grant Increment is effective and commitment is made as of the date of this letter and shall apply to commitments made by the Grantee in furtherance of program objectives during the period beginning with the effective date hereof and ending on December 31, 1989.

5. This Grant is made to FUNDEAGRO on condition that the funds will be administered in accordance with the terms and conditions set forth in Attachment 1 hereto, entitled "Schedule", Attachment 2 hereto, entitled "Program Description", Attachment 3 hereto, entitled "Standard Provisions", and Attachment 4 hereto, entitled "AID Project No. 527-0282, Project Grant Agreement", which hereby are agreed to by your organization.

Please sign all six (6) copies of this letter to acknowledge your acceptance of the Grant and of the conditions under which it is granted, and return the original and five (5) copies to the Program Office, USAID/Peru.

Sincerely yours,



Donor M. Lion  
Mission Director

ATTACHMENTS:

1. Schedule
2. Program Description
3. Standard Provisions
4. AID Project No. 527-0282, Project Grant Agreement
5. FUNDEAGRO Proposal

ACKNOWLEDGED AND AGREED TO:

Fundación para el Desarrollo Agropecuario - FUNDEAGRO

BY *Lander*

Eng. Lander Pacora Coupén

TITLE: Executive Director

DATE: April 19, 1988

FISCAL DATA:

Appropriation	: 72-1181021
Budget Plan Code	: LDNA-88-25527-KG13
Project No.	: 527-0282
Total Estimated Amount	: \$4,134,200
Total Committed Amount	: \$1,663,300
Funding Source	: USAID/Peru

Schedule

A. Purpose of Grant

The purpose of this Grant is to support FUNDEAGRO in planning and initiating implementation of activities in furtherance of the objectives of the ATT Project.

B. Period of Grant

1. The effective date of this Grant is the date of signature of this Grant Document. The expiration date of this Grant is December 31, 1989.

2. Funds committed hereunder are available for expenditures from the date of signature of this Grant and are estimated to be sufficient to support Grantee activities specified in the ATT ProAg to December 31, 1988, for purposes shown in the Grant Budget below.

C. Amount of Grant and Payment

1. The total estimated amount of this Grant for the period shown in B.1, above, is US\$4,134,200.

2. AID hereby commits the amount of \$1,663,300 for estimated expenditures during the period set forth in B.2, above, and as shown in the Grant Budget below.

3. Advances and payments shall be made to the Grantee in accordance with procedures set forth in Attachment 3, Optional Standard Provision 1, entitled "Payment-Periodic Advance". USAID/Peru has reviewed Grantee's Financial Management and Accounting Systems and has determined that Grant Funds provided by AID can be managed in accordance with the requirements of Attachment 3, Mandatory Standard Provision 2, entitled "Accounting, Audit and Records".

4. Additional funds up to the total amount shown in C.1., above, may be committed by A.I.D. during the period of this Grant Agreement, subject to the availability of funds and to the requirements of Attachment 3, Mandatory Standard Provision 4, entitled "Revision of Grant Budget".

D. Grant Budget

The following is the illustrative Budget for this Grant, for estimated Government of Peru (GOP) counterpart, and for estimated complementary resource contributions to the FUNDEAGRO implemented activities of the ATT Project, including local cost financing which is authorized up to the full amount of the Budget. Revisions to the Grant Budget shall be made in accordance with Attachment 3, Mandatory Standard Provision 4, entitled "Revision of Grant Budget".

ILLUSTRATIVE GRANT BUDGET  
FOR ACTIVITIES THROUGH 12/31/89  
US\$ (000)

FINANCIAL CATEGORY	RESOURCES PROVIDED UNDER AGREEMENT (to 12/31/88)			ESTIMATED ADDITIONAL RESOURCES REQUIRED (1/1/89-12/31/89)			TOTAL ESTIMATED RESOURCES REQUIRED (to 12/31/89)		
	AID	GOP	PRIVATE SECTOR	AID	GOP	PRIVATE SECTOR	GRANT	GOP	PRIVATE SECTOR
	GRANT COUNTERPART 1/		COMPLEMENTARY 2/	GRANT	COUNTERPART 1/	COMPLEMENTARY 2/	AID	COUNTERPART 1/	COMPLEMENTARY 2/
<b>A. IMPLEMENTATION OF ACTIVITIES</b>									
1. Personnel									
1.1 Ntl. Advisors	580.5			864.0			1444.5		
1.2 Personnel Support	185.5			294.0			479.5		
Sub Total (1)	766.0	100.0	8.0	1158.0	100.0	0.0	1924.0	200.0	8.0
2. Commodities									
2.1 Furniture	35.6			0.0			35.6		
2.2 Office Remodeling	30.0			0.0			30.0		
Sub Total (2)	65.6	150.0	30.0	0.0	350.0	50.0	65.6	500.0	80.0
3. Training									
3.1 Degree Training	22.5			150.0			172.5		
3.2 Non-Degree Training	48.0			78.0			126.0		
Sub Total (3)	70.5	0.0	0.0	228.0	0.0	0.0	298.5	0.0	0.0
4. Competitive Grants	320.0	300.0	300.0	410.0	400.0	400.0	730.0	700.0	700.0
5. Supplies & Services	80.8	125.0	50.0	121.2	175.0	50.0	202.0	200.0	100.0
Total Implementation of Activities	1302.9	675.0	388.0	1917.2	1025.0	500.0	3220.1	1700.0	888.0
<b>B. IMPLEMENTATION OF FUNDEAGRO</b>									
1. Personnel	95.8	0.0	0.0	196.6	0.0	0.0	292.4	0.0	0.0
2. Commodities	41.0	0.0	0.0	0.0	0.0	0.0	41.0	0.0	0.0
3. Supplies & Services	42.4	0.0	0.0	82.5	0.0	0.0	124.9	0.0	0.0
4. Institutional Dev.	30.0	0.0	0.0	50.0	0.0	0.0	80.0	0.0	0.0
Total:	209.2	0.0	0.0	329.1	0.0	0.0	538.3	0.0	0.0
C. CONTINGENCIES	151.2	150.0	68.0	224.6	200.0	90.0	375.8	350.0	158.0
<b>Grand Total</b>	<b>1663.3</b>	<b>825.0</b>	<b>456.0</b>	<b>2470.9</b>	<b>1225.0</b>	<b>590.0</b>	<b>4134.2</b>	<b>2050.0</b>	<b>1046.0</b>

Transfers among principal financial categories in the Grant Budget in excess of 20% shall require the written approval of A.I.D.  
 1/ Estimated resources to be provided by the Government of Peru (GOP).  
 2/ Estimated Complementary Resources to be provided by Private Sector (PS).

E. Reporting and Evaluation

Grantee shall provide to USAID for review the following written documents or reports:

1. Within 15 days prior to the end of the first full AID fiscal year (FY) quarter (January 1, March 31, June 30, September 30) following the effective date of the Grant, and of each FY quarter thereafter, a report of work accomplished and a plan of work to be executed during the following FY quarter. This quarterly plan of work will specify:

a. Progress achieved toward goals, implementation problems encountered, and estimated expenditures during the previous quarter;

b. Proposed actions to be taken during the ensuing quarter to resolve implementation problems encountered;

c. Specific goals within each activity to be addressed during the ensuing quarter including anticipated expenditures.

2. Within 30 days after the end of each AID FY (September 30), Grantee shall provide a report, comparing actual implementation accomplishments with the annual implementation plan. This report will include relevant information that would assist in improving subsequent implementation.

F. Title of Property:

Title of property acquired under this Grant will be vested in the name of FUNDEAGRO, in accordance with Optional Standard Provision No. 18.

G. Authorized Geographic Code:

Commodities and services financed under the Grant will have their source, origin and nationality in Code 000, United State and Peru, in accordance with Optional Standard Provision No. 6.

H. Special Covenants

The Parties agree to establish an evaluation program as part of Project activities, and that an evaluation team composed of designees from USAID and FUNDEAGRO will carry out an internal evaluation of AIT Project operations at least 60 days prior to September 30, 1989. The purpose of this review will be to identify functional and/or procedural problems related to implementation of activities supported under this Grant, and to recommend necessary modifications for additional Grants in furtherance of the purposes of the AIT Project.

I. Special Provisions

The following Optional Standard Provisions apply to this Grant 1, 2, 3, 4, 5, 6, 7, 8, 13, 18, 21.

PROGRAM DESCRIPTION

A. Background

On September 25, 1987, the Republic of Peru (Peru) and the United States of America acting through the Agency for International Development (AID) entered into a Project Agreement (ProAg) to assist Peruvian institutions involved in the Agricultural Technology Generation and Transfer (ATG&T) System. This assistance Project known as the Agricultural Technology Transformation (ATT) Project is designed to strengthen the capacity of selected public and private sector ATG&T institutions to coordinate their activities and to effectively participate in developing and disseminating improved agricultural technologies for Peruvian farmers that will increase rural incomes, agricultural productivity and yields.

The ATT Project is fundamentally a set of institutional development activities designed to create a national ATG&T system by strengthening its component parts and improving interfaces among involved institutions, as well as between them and farmer users of technology. Peru and AID have agreed in the ProAg and in Implementation Letters to the ATT Project that four institutions have primary responsibility for administration of Project funds, as well as for coordination and management of its implementation. These institutions are: 1) The Instituto Nacional de Investigación Agropecuaria y Agroindustrial of the Ministry of Agriculture (MinAg/INIAA), 2) the Organización Nacional Agraria (ONA), 3) the Fundación para el Desarrollo Agrario of the Universidad Nacional Agraria (FDA/UNA), and, 4) The Fundación de Desarrollo Agropecuario (FUNDEAGRO).

FUNDEAGRO was first established as FUNSIPA in early 1986 for purposes of advancing the development of a national ATG&T system in Peru. After more than one year of operations, its original organizers (The Instituto Nacional de Investigación y Promoción Agraria - INIPA - the predecessor to INIAA, ONA and the International Potato Center - CIP) concluded that FUNSIPA's potential role in improving and expanding the ATG&T system was sufficiently great to justify expanding its scope and purpose to include multiple functions that enhance and facilitate private sector and broader public sector participation. This conclusion led to a decision in early 1988 to modify the original statutes, to expand sponsorship by increasing membership in the Board of Directors to include appointees from universities and other private sector organizations interested in agricultural development, and to change the name to FUNDEAGRO.

FUNDEAGRO is in the process of assuming an expanded role in the ATG&T system. Its potential clients and sponsors include all individuals and institutions of the ATG&T system: researchers, technology transferors, educational institutions, and other institutions and individuals that focus on research and technology transfer related not only to

agricultural production but also to agricultural policy, factor and product marketing, agro-industry and other related fields. FUNDEAGRO interests also include basic development issues such as resource concentration, public sector program continuity, retainability of scarce and well-trained human resources, sustainability (indigenous public and private capacity to finance the ATG&T system), and a monitoring role to continually appraise advances in and the state of the national ATG&T system. Thus, the mission of FUNDEAGRO is to involve all actors in the planning and implementation of ATG&T programs and to seek resolution of problems that constrain the degree to which science serves Peruvian agriculture. In this way, FUNDEAGRO explicitly and implicitly supports the trend in Peru toward a science-based agricultural development strategy, substituting for a natural resource-based strategy.

Specific functions of FUNDEAGRO of relevance to ATT Project Implementation are to:

1. Provide leadership on difficult choices of resource concentration and continuity of goals in public and private sector ATG&T programs;
2. Facilitate development of critical linkages between private and public sector ATG&T institutions in Peru;
3. Facilitate linkages between Peru and the international agricultural scientific community, including International Agricultural Research Centers (IARC's);
4. Address issues of attracting and maintaining essential human resources required in the public and private sector ATG&T system; and
5. Develop mechanisms to continually assess the trends in and state of science-based agriculture in Peru.

In furtherance of its functions enumerated above, FUNDEAGRO will assume major administration and implementation responsibilities for the ATT Project. In addition to being responsible for administration and management of AID grant resources for implementing the specific ATT Project activities described in Section C, below, FUNDEAGRO also will coordinate Project management among implementing institutions and with AID, as well as select, contract and assign in consultation with the relevant implementing institution, National Advisors and Project Implementation Staff funded with AID grant resources.

FUNDEAGRO incorporates the appropriate institutional purpose and basic organizational structure required to carry out responsibilities proposed for implementation of the ATT Project. Nevertheless, it is

recognized that FUNDEAGRO is a young institution requiring institution-building technical/managerial advice and financial support in order to effectively carry out responsibilities being assumed under the ATT Project, and to effectively fulfill its broader role in the improvement and expansion of the ATG&T system in Peru. Thus, FUNDEAGRO also will utilize ATT Project resources to build its institutional administrative and management capacities.

B. Specific Purpose of Grant

Grant funds allocated to FUNDEAGRO are for the specific purpose of mobilizing private sector participation and promoting coordination among both public and private sector implementing organizations in the Project. The grant also will enable FUNDEAGRO to institutionalize its operations as a non-governmental, financially autonomous institution supporting ATG&T activities in Peru.

C. Specific Objectives

The AID Grant, supplemented by Government of Peru (GOP) Counterpart and other public and private sources of funds, will enable FUNDEAGRO to plan, develop and make operational the following ATT Project activities:

1. A program of competitive research grants to individual researchers and to research teams who have access to public and/or private research facilities (Component 1, Activity c of ATT Project).

2. A program of assistance on a competitive basis to establish functioning pilot technology transfer enterprise models and to assist producer organizations in strengthening and expanding services to members and affiliates (Component 2, Activity b of ATT Project).

3. A program to facilitate an improved seed production, distribution and certification system. Grant funds will assist in strengthening the seed supply system, especially foundation and commercial seed multiplication, conditioning and distribution activities, and to improve and expand supporting certification services. (Component 2, Activity c of ATT Project).

4. A program to improve UNA library management operations assisting to develop it as the core of a National Agricultural Information System (NAIS), to promote establishment of a broad-based Peruvian Agricultural Sciences Journal, and to improve the quality and availability of agricultural communications materials for dissemination through all media for technology transfer to producers and for informing the general public (Component 3, Activity b of ATT Project).

5. A competitive scholarship program to enable agricultural professionals to enhance their capabilities through, 1) graduate training at UNA or at offshore universities, and 2) through appropriate short term training. (Component 3, Activity c of ATT Project).

D. Project Implementation

FUNDEAGRO has been designated as the implementing institution for specified activities of the ATT Project, as well as for providing other services specified in the ATT Project Paper. Although the present Grant document is valid only to December 31, 1989, it is anticipated that FUNDEAGRO will be implementing ATT Project-related activities throughout the life of that Project (to August 31, 1993).

The initial Grant obligation to FUNDEAGRO under the present Grant document is estimated to provide sufficient resources for implementation only until December 31, 1988. As additional AID resources become available and are obligated to the ATT Project, additional Grant funds will be committed to assist in implementing FUNDEAGRO ATT Project activities through December 31, 1989. Subject to satisfactory performance, additional grants of AID funds will be made available to FUNDEAGRO to assist in implementing FUNDEAGRO activities for the remainder of the ATT life-of-Project.

During this Grant period (to December 31, 1989), FUNDEAGRO will carry out the following actions: 1) select and contract specialized personnel called for in the Implementation Plan; 2) provide physical infrastructure and services for FUNDEAGRO operations, and for technical assistance personnel assigned to it as agreed from time to time; 3) with the assistance of INIAA, secure the assignment of specified GOP Counterpart funds to FUNDEAGRO, and prepare required quarterly reports (as agreed in the Implementation Plan) on status of assignment and subsequent disbursement of these funds; 4) develop and submit annual activity implementation plans and budgets; 5) plan, develop and make operational ATT Project activities identified in Section C, above; 6) establish and maintain working relationships with other ATT Project implementing organizations and with private sector organizations that participate in or collaborate with the Project; 7) identify and coordinate institutional efforts with other organizations with similar objectives; and 8) collaborate in activities of the ATT Project being implemented by other institutions, especially those related to stimulating technology transfer by the private sector. More detailed implementation plans for Grant-assisted activities have been prepared and agreed to by the parties (See Attachment 5).

The FUNDEAGRO Project Implementation Manager is a member of and will participate in deliberations of the Project Coordination Committee of which Project Implementation Managers of other ATT implementing institutions and the USAID ATT Project Manager also are members. This

participation includes discussion and coordination of annual implementation plans, and review of budget requests and disbursements plans of all ATT implementing institutions. The Project Coordination Committee also is responsible for identifying and resolving Project bottlenecks, for reviewing technical progress and budget utilization, and, generally, for resolving Project implementation problems as they arise.

A Project Secretariat will provide administrative support to the Project Coordination Committee and will execute other administrative support and coordination functions required by the Project. The Chief of the Secretariat will be nominated by the Project Coordination Committee, approved by USAID and FUNDEAGRO, and contracted by FUNDEAGRO. The Project Secretariat will be housed in and will receive administrative and logistic support from FUNDEAGRO.

A Project Council, made up of the Vice-Minister of Production and Concertation of MinAg., the Rector of UNA, the Chief Executive Officers of ONA, INIAA and FUNDEAGRO, and the Chief of the USAID/Peru Office of Agricultural and Rural Development (OARD), will oversee Project implementation progress from a senior management perspective. This Project Council will make decisions required to resolve Project problems that cannot be resolved at lower levels, and will be informed of Project progress by the Project Secretariat from time to time as it may require. The Chief of the Project Secretariat will serve as the Executive Secretary of the Project Council, and the Secretariat will provide that Council with staff support.

b) Administration of Project Funds

Funds will be disbursed by USAID/Peru to FUNDEAGRO in accord with its implementation responsibilities and implementation plans. A.I.D. Grant funds to be utilized by FUNDEAGRO have been obligated under the bilateral ATT ProAg and initial grant support is committed under this implementing Grant.

Counterpart Project funds will be administered in accord with the detailed implementation plan, budget requests and disbursement plans agreed to by the parties (See Exhibit A to this Attachment 2). Disbursement of Counterpart funds for all activities will be made pursuant to procedures to be developed in accord with relevant GOP laws and regulations and as approved by USAID.