

A.I.D. Project No. 615-0240
Dollar Appropriation No. 72-1181014
Budget Plan Code: GSSA-88-31615-KG39
A.I.D. Grant No. 615-K-607E
Amount: \$3,000,000

FIRST AMENDATORY AGREEMENT TO PROJECT GRANT AGREEMENT

FOR

TECHNICAL ASSISTANCE
STRUCTURAL ADJUSTMENT ASSISTANCE PROGRAM

Date: August 19, 1988

Between

The Republic of Kenya (hereinafter referred to as the "Grantee")

and

The United States of America, acting through the Agency for
International Development ("A.I.D.").

Article 1: Purpose of Amendment

This First Amendatory Agreement to Project Grant Agreement No. 615-0240 dated May 15, 1987 is hereby entered into between the Parties above named to grant the Grantee additional United States ("U.S.") Dollars under this Project, to extend the Project Assistance Completion Date, to provide for a host-country contribution, and to replace Annex 2.

Article 2: Financing

Section 3.1. is hereby deleted and the following substituted in its stead:

"Section 3.1. The Grant. To assist the Grantee 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 the Grantee under the terms of this Agreement an additional Three Million United States ("U.S.") Dollars (\$3,000,000). The total Grant comprising the Original Agreement and this First Amendatory Agreement shall not exceed Six Million, Two Hundred Thousand United States ("U.S.") Dollars (\$6,200,000) ("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."

Article 3: Project Assistance Completion Date

Section 3.3 of the Agreement is amended by changing the Project Assistance Completion Date from June 30, 1990 to December 31, 1991.

Article 4. Grantee Resources for the Project

A new Section 3.2a is added after Section 3.2 as follows:

"The resources provided by the Grantee for the Project will be not less than the equivalent of U.S. Dollars One Million (\$1,000,000), including costs borne on an 'in-kind' basis."

Article 5: Annex 2

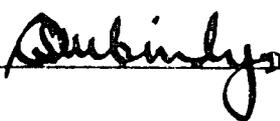
Annex 2 is hereby deleted and the attached Annex 2 - (Amendment 1) substituted in its stead.

Article 6: Other Terms and Conditions

All other terms and conditions of the Project Grant Agreement shall remain in full force and effect.

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

REPUBLIC OF KENYA

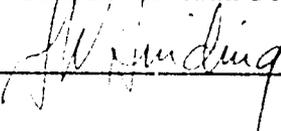
BY: 

NAME: _____

Charles S. Mbindyo

TITLE: Permanent Secretary,
Ministry of Finance

UNITED STATES OF AMERICA

BY: 

NAME: _____

Steven W. Sinding

TITLE: Mission Director
Agency for International
Development

ANNEX 1 (Amendment. 1)

A.I.D. Project No. 615-0240
 Structural Adjustment Assistance Program II
 Project Agreement No. 615-K-607E

SUMMARY OF PROJECT COST BY EXPENSE CATEGORY
AND SOURCE OF FUNDING
 (In \$000's)

ILLUSTRATIVE

	FY 1988		Cumulative to Date		Life of Project	
	AID Grant	GOK*	AID Grant	GOK*	AID Grant	GOK*
<u>Technical Assistance</u>						
(a) Resource Management for Rural Development	1,200		2,900		2,900	
(b) Capital Market Development Authority	600		600		600	
(c) Studies and Evaluation of Technical Assistance	125		125		125	
(d) Microcomputers Section at Ministry of Finance	975		2,475		2,475	
(e) CIP Evaluation and Importer Assistance	100		100		100	
TOTAL	<u>3,000</u>	<u>1,000</u>	<u>6,200</u>	<u>1,000</u>	<u>6,200</u>	<u>1,000</u>

* to include "in-kind" costs.

AMPLIFIED PROJECT DESCRIPTION
FOR
TECHNICAL ASSISTANCE PROJECT
IN SUPPORT OF
STRUCTURAL ADJUSTMENT ASSISTANCE PROGRAM (SAAP)

I. INTRODUCTION

The Technical Assistance Project in support of the Structural Adjustment Program is designed to provide technical assistance for institution strengthening and for planning and policy analysis as necessary for the implementation of the SAAP. The principal components of this assistance are described below.

II. PROGRAM COMPONENTS

A. Sectoral Policy Analysis and Planning

This component is designed to strengthen the institutional planning capacity for agriculture and rural development in the Ministry of Planning. Assistance is to be provided through the Harvard Institute of International Development (HIID). In addition, this Project will finance long-term technical advisors to the Ministry of Finance, and associated costs, to assist the GOK in the creation of a functional Capital Market Development Authority as well as selected short-term in-country consultants. Desirable policy studies will be identified and, as feasible, will also be financed through this Project.

B. Computerization of Budgeting Process at Ministry of Finance

This component is designed to assist in establishing a computerized information processing system in the Ministry of Finance by financing computerization of the preparation of the GOK's budget, computer training and related services.

C. CIP Supplier Location Assistance and Evaluation

This component is designed to assist Kenyan importers to locate suppliers and obtain competitive quotations. This assistance is expected to be of most use to importers who do not have any regular U.S. suppliers. The Project will finance technical assistance services in the United States for this purpose. The Project will also finance an evaluation of the use of CIP funds approximately one year after first disbursement of CIP funds.

III. IMPLEMENTATION ARRANGEMENTS

A. Sectoral Policy Analysis and Planning Component

The host country contract with the Harvard Institute of International Development will be amended to provide additional funds.

A long-term technical advisor and associated inputs in support of the Capital Market Development Authority activity will be contracted by mechanisms to be determined. Various short-term in-country consultants will be hired through direct or host country contracting, as appropriate to each procurement.

The evaluation of the Technical Assistance Project in Support of the SAAP will be contracted through A.I.D. direct mechanisms.

B. Micro-Computerization at Ministry of Finance Component

The existing host country contract will be amended to provide additional funds.

C. CIP Supplier Location Assistance and Evaluation Component

An A.I.D. direct contract or IQC may be undertaken with a United States firm to assist Kenyan importers to locate suppliers and obtain competitive quotations. The evaluation of the CIP component of the sectoral policy analysis and planning program will be undertaken through A.I.D. contracting.