

AGENCY FOR INTERNATIONAL DEVELOPMENT
United States A.I.D. Mission to Guatemala
American Embassy
Guatemala City, Guatemala, C. A.

LSGPA No.: 520-0274-

LIMITED SCOPE GRANT PROJECT AGREEMENT

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

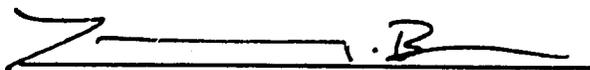
and

The Department of International Cooperation of the Ministry of External Affairs of the Government of Israel, acting through the Israeli Embassy to Guatemala ("Grantee").

The above-named Parties hereby mutually agree to carry out the project described in this Agreement in accordance with (1) the terms of this Agreement, including any annexes attached hereto; and (2) any general agreement between the two Governments regarding economic or technical cooperation.

1. Project Title: Technical Assistance for the Irrigation Development
2. A.I.D. Project Number: 520-0274
3. Amount of AID Grant:
 - (a) A.I.D. contribution to the project will be provided in increments. The total life of project funding is planned to be an amount up to ONE HUNDRED THIRTY THOUSAND UNITED STATES DOLLARS (\$130,000) paid in increments, with the initial one being made available in accordance with paragraph (b) below. Subsequent increments 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 a subsequent increment, to proceed.
 - (b) 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 the Grantee under the terms of this Agreement an amount not to exceed ONE HUNDRED THOUSAND UNITED STATES DOLLARS (\$100,000) ("Grant").

4. Grantee Contributions to the Project: Unless the Parties otherwise agree in writing, the Grantee agrees to provide to the Project, during the life of the project, counterpart resources for an amount not less than THIRTY THREE THOUSAND THREE HUNDRED AND NINETY UNITED STATES DOLLARS (\$33,390) in housing allowances, insurance, rest and recuperation, household effects and fringe benefits for the technical advisor funded as part of this Agreement.
5. Project Assistance Completion Date: May 11, 1992
6. The purpose of this project is to provide technical assistance to the Ministry of Agriculture in the promotion and execution of the policy, planning and strategy oriented to develop and support irrigated agriculture to benefit small- and medium-scale farmers. This assistance is required to create an appropriate environment for irrigation development, which will allow the small-scale farmers assisted by the HAD Project to achieve a more comprehensive and sustainable improvement in farm production and income.
7. This Agreement consists of these two pages, Annex "A", Description of Activities; Annex "B", Payment Provisions; and Annex "C" Standard Provisions.
8. Signed in English this 28th day of May, 1991.



Terrence J. Brown
Director
USAID/Guatemala



Jacques Yaacov Deckel
Ambassador
Israeli Embassy to Guatemala

Annex "A"

Description of Activities

1. Project Title: Technical Assistance for the Irrigation Development
2. AID Project No.: 520-0274
3. Agreement Description

Purpose: To provide technical assistance to the Ministry of Agriculture in the promotion and execution of the policy, planning and strategy oriented to develop and support irrigated agriculture oriented to small and medium farmers. This assistance is required to create an appropriate environment for irrigation development, which will allow the small farmers assisted by the Highlands Agricultural Development Project to achieve a more comprehensive and sustainable improvement.

Rationale: The Government of Guatemala has adopted Irrigation development as a major element of its strategy to modernize agriculture. This strategy has led to an improved, increased and diverse quality of agricultural production, both for the internal and external markets. The Ministry of Agriculture (MINAG) has developed different interventions to promote the irrigation development, utilizing large amounts of funds provided through U.S. Mission local currency programs and specific projects.

In August 1988, with the signature of the Amendment No.3 to its Grant Agreement, the Phase II of the HAD Project was initiated. This Phase II includes, besides the construction of irrigation infrastructure, financing to provide more comprehensive services to small farmers involved in irrigated agriculture. These services include ag. research and extension, marketing, credit, environmental management, and soil conservation, as well as the promotion of policy changes to create a better atmosphere for sustained development of irrigated agriculture.

Thus, the HAD Project financed an Irrigation Sector Assessment (ISA), which was carried out during September 1989, financed by the HAD Project. Through this study a specialized team made a general review of the public irrigation systems, which are developed, owned and managed by the Government of Guatemala. Through the extension agency DIGESA, the GOG provides O&M and administrative services to 26 public irrigation units that serve some 2,800 water users and cover

about 15,000 Hectares. Public sector planning, financing, design and construction functions have generally been handled adequately. And, investments in public units has generated large increases in employment, production and incomes." (Page xiv, EXECUTIVE SUMMARY ISA)

"The government is an inefficient and financially distressed manager of irrigation systems. Improvement is unlikely under the current development/ownership/management model. The team concludes that public ownership and management should cease. Government responsibility would revert to that of planner and regulator water resources. It would also continue as owner and manager of the principal water source (dam or river diversion)". (Page xv, EXECUTIVE SUMMARY ISA)

Recently discussions were held with the Government of Guatemala regarding the convenience and details of this transfer. The HAD Project has gained a great deal of experience in providing irrigation and water management technology to the small farmers. All this indicates that the MINAG, with assistance of the HAD Project, is in a good position to begin the process of transferring management of public sector irrigation systems to private sector, as a pilot effort. This pilot effort would be supported by HAD technicians, who would provide technical assistance in water management and organization to the farmers involved.

The very first activity in the design of the transfer process, is an evaluation of the existing infrastructure's physical condition and operation. On May 25, 1988, the Administrator of AID and the Ambassador of Israel to the United States signed a cooperative agreement between AID and the Government of Israel acting through Mashav, an Israeli Government Agency, for the AID-Israel Cooperative Development Program (Project No. 930-0185). The Cooperative Development Program (CDP) provides financial support assistance to projects for developing countries jointly programmed by Israel and AID and implemented by Israel. CDP supports short and long-term technical assistance, and participant training in both, Israel and in-country.

For Guatemala, one long-term technician was being provided under CDP for a period of 30 months ending 11/11/90, to assist in irrigation development. This technician, a Mashav employee,

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has familiarized himself with Guatemalan agricultural institutions, and especially with those related to irrigation, and assisted in planning a national irrigation development policy and strategy. He maintains good working relations with Guatemalan counterparts and his work is considered excellent. There is a need to continue this TA from the MASHAV.

Activities: This agreement will finance from Mashav, one senior irrigation specialist who will be responsible to carry out, but not limited to, the following activities:

- a) The grantee shall evaluate the physical condition and operation of the 26 existing irrigation systems. These evaluations shall include at least the following items for each system:
 - a) A detailed description of the physical infrastructure.
 - b) A comprehensive analysis of the present status of existing infrastructure.
 - c) A description of the operation characteristics of the system.
 - d) A description of the characteristics of the irrigation system and practices utilized by the farmers involved.
- b) Based on that evaluation the grantee shall provide for each irrigation system the measures and actions suggested to improve irrigation systems, i.e. its physical conditions and general operation. This will include a detailed plan and budget to improve the irrigation system and to expand area under irrigation,
- c) In coordination with Louis Berger International Inc. (LBII) technical assistance team (the prime contractor for the HAD Project's expatriate long-term technical assistance), design and participate as required in a training plan for both, the GOG technicians responsible to assist the medium and large scale irrigation systems, and for the farmers involved in these systems.
- d) The grantee shall provide an overall analysis and recommendations to improve institutional performance of the GOG agencies involved in the assistance to public sector supported irrigation systems.
- e) The grantee shall assist the MINAG in the incorporation of institutional restructuring and policy changes through a master planning process.

- f) The grantee shall assist USAID Office of Rural Development and the MINAG in the designing and preparation of new irrigation projects and programs.
- g) In coordination with the UAP and LBII technical assistance teams, the grantee shall provide support to the mini-riego design and construction activities of DIGESA by a) providing advice and assistance as requested, b) periodically reviewing activities and suggesting improvements, and c) identifying training and other support needs for GOG personnel involved in mini-riego design and construction.
- h) In coordination with the UAP and LBII technical assistance team, the grantee shall provide assistance in mini-riego operation and maintenance by a) providing advice and assistance as requested, b) reviewing selected systems to identify problems and determine the support needed by farmers to effectively operate and maintain their systems, and c) identifying training and other support needs for farmers and DIGESA extension personnel in system operation and maintenance.

During the first month of this Project, the grantee shall prepare, for GOG and USAID approval, a work plan for the period of assistance. This work plan shall include the proposed schedule to submit 26 reports for each individual irrigation system as required.

Technical Administration: The irrigation advisor shall be administratively responsible to the Chief of the Office of Rural Development, or his designee. However, the advisor shall respond to and be technically supervised by the LBII Chief of Party. From both sides incumbent will receive general guidance and follow up his or her performance and support in coordination with the Ministry of Agriculture and the Mashav.

The effective date of the Project is November 11, 1990. The expiration date is May 10, 1992 for a full one and a half year period. Costs incurred from November 11, 1990 to the date of this Agreement shall be reimbursable to the extent that may would have been reimbursable if incurred after the date of this Agreement.

LBII in collaboration with the HAD Project Administrative Unit, shall be responsible to provide coordination services with the MINAG officers and institutions related to the nature of services provided by this irrigation advisor. The HADPAU shall designate one irrigated agriculture specialist as counterpart to the advisor.

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4. Illustrative Budget:

	<u>USAID Funds (US\$)</u>	<u>MASHAV Funds (US\$)</u>
Salary (18 months X \$5,645/mo)	101,610	
Housing Allowances, Insurance, RNR, HHE and Fringe Benefits		33,390
In Country Travel		
Car Operation:	12,000	
Gasoline, License Plates, Insurance, General Maintenance and Repairs	3,000	
Per-Diem: Lodging and Subsistence (\$49/Day x 234 days, rounded to:)	11,500	
Miscellaneous Expenses	1,000	
Contingencies	890	
TOTAL	US\$130,000	US\$33,390

Office space, secretarial and other logistical support will be provided by the MINAG's agency DIRYA (Directorate for Irrigation and Drainage).

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