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AGENCY FOR INTERNATIONAL DEVELOPMENT
UNITED STATES OF AMERICA A. I. D. MISSION
TO EL SALVADOR
C/O AMERICAN EMBASSY.
SAN SALVADOR, EL SALVADOR, C. A.

24 March, 1992

Mr. Robert Bergland
Executive President
and General Manager
National Rural Electric Cooperative Association
1800 Massachusetts Avenue, N.W.
Washington, D.C. 20036

Subject: Cooperative Agreement No.
519-0358-A-00-8499-00, Rural
Electrification Project.
Amendment No.6

Dear Mr. Bergland:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A.I.D." or "Grantor") hereby amends the subject Cooperative Agreement, dated August 21, 1988, as amended, with the National Rural Electric Cooperative Association (hereinafter referred to as "NRECA" or "Recipient") by:

- a) expanding the Project's activities in support of the GOES National Reconstruction Program;
- b) broadening NRECA's counterpart relationships to include not only CEL, but the Secretariat for National Reconstruction (SNR), municipalities, and other entities which currently (or conceivably could) distribute electricity;
- c) authorizing NRECA to provide connections ("drops") to consumers from existing lines as well as from new lines;
- d) increasing the number of kilometers of up-graded distribution lines (from 150 kms, to 210 kms.) and subtransmission lines (from 150 kms. to 190 kms.) for which the Project will be responsible; and,
- e) authorizing NRECA to conduct (1) a study on Power Distribution Strengthening, and (2) an Energy Efficiency Improvement Activity.

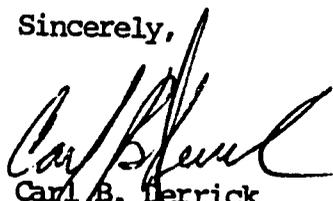
Accordingly, Attachment I entitled "The Schedule" and Attachment II entitled "Program Description" are hereby amended to reflect the changes specified in Attachment I and Attachment II to this letter.

It is agreed that incorporation of the changes set forth in this Amendment shall not change any monetary ceiling, cooperative agreement obligation, or specific cost allowance or disallowance provided for in this Cooperative Agreement.

Except as herein amended, all other terms and conditions of the Agreement remain in full force and effect.

Please sign the 3 originals of this letter to acknowledge your acceptance of the terms and conditions of the Agreement and receipt of this Amendment, and return two originals to USAID/El Salvador.

Sincerely,



Carl B. Herrick
Agreement Officer

Acknowledged by:



Robert Bergland
Executive President
and General Manager

Date:

March 27, 1992

Attachments: Changes to the Schedule
Changes to the Program Description

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Attachment I
Changes to the Schedule
Attachment 1 to Cooperative Agreement
No. 519-0358-A-00-8499-00
Rural Electrification Project

The subject Cooperative Agreement "Schedule" is hereby amended as follows:

A. PROJECT PURPOSE

A new paragraph is added to this section as follows:

In an effort to promote more involvement of the Project in El Salvador's plans for post war reconstruction and to capitalize on NRECA's experience and capabilities, in addition to line construction, the Project will focus on line rehabilitation (especially in the conflictive areas) and providing drops (hook-ups) to new consumers on existing lines. Also, NRECA's counterpart relationship is broadened to include not only CEL, but SNR/CONARA, municipalities, and other entities which currently (or conceivably could) distribute electricity.

D. USAID INVOLVEMENT

Paragraphs 1. and 5. are deleted in their entirety and replaced with the following:

1. USAID will review and approve the analytical process and selection criteria which will be used to develop an annual investment plan for the construction/rehabilitation of rural systems. It is understood that this plan will be based primarily on economic and technical considerations. However, A.I.D. may direct NRECA to modify the plan to incorporate other factors, such as needs identified under the National Recovery Plan (NRP), expansion/rehabilitation of rural systems in the former conflictive areas, or expansion of rural systems in priority areas to achieve balanced rural electrification coverage in the whole country.

5. USAID will assist, as required, in negotiations with the Government El Salvador to ensure that adequate levels of counterpart funding for the participation of CEL, SNR/CONARA, and other distribution entities in the Project is made available.

Paragraph 7. is added:

USAID will review and approve the terms of reference and budgets for the studies developed under the Institutional Development and Technical Support Component of the Project.

E. FINANCIAL PLAN

The budget figures for the Financial Plan are hereby amended as follows:

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FINANCIAL PLAN
(US \$000 or Equivalent in Local Currency)

LINE ITEM	AID PRIOR OBLIGATION	THIS AMENDMENT	SUBTOTAL AID	COUNTERPART	TOTAL
SALARIES	1,038.0	573.7	1,611.7	74.1	1,685.8
FRINGE BENEFITS	342.5	112.5	455.0	24.4	479.4
OVERHEAD	654.0	201.3	855.3	55.5	910.8
TRAVEL AND TRANSPORTATION	221.7	198.7	420.4	80.4	500.8
ALLOWANCES	339.0	169.2	508.2	0.0	508.2
EQUIPMENT AND SUPPLIES (1)	1,042.8	110.0	1,152.8	209.0	1,361.8
EQUIPMENT AND SUPPLIES (2)	6,108.7	(1,503.1)	4,605.6	11,686.2	16,291.8
OTHER DIRECT COSTS	253.3	137.7	391.0	170.1	561.1
TOTAL	10,000.0	0.0	10,000.0	12,299.7	22,299.7

Notes: (1) Equipment for use by Specialists/DISCEL on system improvements.
(2) Materials for line construction.

G. SPECIAL PROVISIONS

Paragraph 8. "Estimated Level of Effort" is deleted in its entirety.

Paragraph 9 "(on Host Owned Local Currency); Paragraph 10 (on Drug free work place); and paragraph 11 (on access to U.S. Employees Association commissary) are hereby renumbered to paragraphs 8, 9 and 10, respectively.

New paragraphs 11, 12, and 13 are added as follows:

11. Procurement of one motor vehicle from Geographic Code 000 (U.S.), not to exceed a value of \$25,000, is hereby authorized.

12. USAID will provide to NRECA, through other USAID Projects and subject to availability, certain equipment and materials needed for the rehabilitation of the distribution system or as consequence of the financial reprogramming, in order to complete the programmed rural electric grid extensions.

13. Within 45 days after the signing of this amendment to the Agreement, NRECA will execute an amendment to the Memorandum of Understanding (MOU) with the Ministry of Planning for Economic and Social Development to reflect the changes in the Agreement.

Attachment II
Changes to the Program Description
Attachment 2 of Cooperative Agreement
No. 519-0358-A-00-8499-00
Rural Electrification Project

The subject Cooperative Agreement "Program Description" is hereby amended as follows:

D. PROJECT ACTIVITIES

Two new paragraphs are hereby added at the end of Section D.1. "Sector Planning and Management Assistance":

"USAID has agreed to finance a Power Distribution Strengthening Study, including an assets inventory and revaluation of the subsector, under the umbrella of the World Bank-funded Power Sector Technical Assistance Project. The basic objectives of the study will be to prepare the power distribution subsector for privatization and to identify rural electrification and other distribution system investments that are needed now and those that should be deferred until the subsector is privatized. Key outputs of the study are expected to include recommendations and decisions concerning on-going and future rural electrification investments and institutional arrangements and mechanisms to cover the cost of rural electrification design, construction, operations and maintenance without recourse to GOES subsidies. NRECA has presented to USAID the terms of reference and a budget for this study. USAID's authorization of this grant amendment constitutes USAID's approval of the terms of reference and budget. The required completion date of the study, which is closely related to the World Bank funded Power Sector Privatization Study, is September 30, 1992."

"As the country moves to include all costs in its electricity tariffs, two important objectives will be to reduce very high energy losses in its power distribution system and that electricity use efficiency be improved. NRECA will develop a comprehensive electrical energy efficiency and conservation plan to stem the degradation of electrical system quality and demonstrate to potential privatization parties the incentives and building initiative for improved energy efficiency. Key outputs of this activity will be the introduction of energy-saving measures to the power distribution sector and to the consumers, the development of consumer awareness regarding energy conservation, and the introduction of a demand side management action plan. NRECA will submit to USAID, within one month of the signing of this Amendment to the Cooperative Agreement, the terms of reference for this Energy Efficiency Improvement Activity and a budget for USAID review and approval."

Section D.2. paragraph entitled "Rural Electric Grid Extensions" is deleted in its entirety and substituted by the following:

Rural Electric Grid Extensions/Rehabilitation

The Project will provide funding to construct approximately 1,000 km of new lines serving up to 26,000 new consumers, 210 km of upgraded distribution lines, 190 km of subtransmission lines, and four rural substations. Prior to initiating any construction, NRECA will assist CEL in establishing an analytical process and procedures for the development of an annual rural electrification investment plan. These procedures and the investment plan will be submitted to USAID for approval prior to initiating construction activities. Commodities may, however, be ordered prior to approval of the plan to ensure the rapid initiation of construction activities.

GOES post-war policy is to rehabilitate and expand the electrical system in those areas identified as previously conflictive, which have been identified in 99 municipalities. NRECA will develop an action plan for rehabilitation and expansion of rural electrification in accordance with the "Plan de Recuperación Nacional", and will coordinate its work with other organizations which are presently working in these areas and seek their assistance through community participation. NRECA's commodities, rural electrification designs, and technical specification expertise will be incorporated into this effort. NRECA will submit to USAID, within one month of the signing of this Amendment to the Cooperative Agreement, the terms of reference for this Rural Electric Distribution Recovery Plan and a budget for USAID review and approval."

Private contractors in the various locations will be employed by CEL and/or NRECA to carry out the construction/rehabilitation under CEL and/or NRECA supervision.

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