



September 30, 1992

U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

Mr. Leo Mac Gillivray
Acting CARE Director
CARE PERU
Gral. Santa Cruz 659
Jesus Maria

Subject: CARE OPG: Support to Agricultural Production in Drought
Affected Areas. Project N° 968-2058.
Grant N° 968-2058-G-00-2327-00.

Dear Mr. Mac Gillivray:

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 grants to CARE PERU (hereinafter referred as "CARE" or "Grantee"), the sum of \$ 746,000, to provide support for a program of assistance to the population of the department of Puno, Peru, affected by the 1991-1992 drought, as described in the Schedule of this grant and the Attachment 2 entitled Program Description.

This grant is effective and obligation 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 and ending approximately June 30, 1993.

This grant is made to CARE on condition that the funds will be administered in accordance with the terms and conditions set forth in Attachment 1 entitled Schedule, Attachment 2, entitled Program Description and Attachment 3 entitled "Mandatory and Optional Standard Provisions", which have been agreed to by your organization.

Please sign all six copies of this letter to acknowledge your receipt of the grant, and return five copies to the Office of Economic Recovery (OER), USAID/Lima.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles H. Brayshaw".

Charles H. Brayshaw
U.S. Charge d'Affaires a.i.

A handwritten signature in black ink, appearing to read "Craig G. Buck".

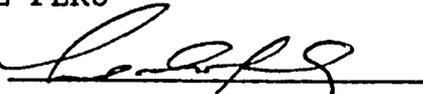
Craig G. Buck
Director

Attachments:

1. Schedule
2. Program Description
3. Mandatory and Optional Standard Provisions
4. CARE Proposal

ACKNOWLEDGED:

CARE PERU

By: 

Title: Director Adjunto (a.i)

Date: 9/30/92

FISCAL DATA

PIO/T N°:	968-2058-3-20091
Appropriation:	72-1121037
Budget Plan Code:	EESA-92-29527-JG41
Project No.:	968-2058
Total Obligated Amount:	\$ 746,000
Funding Source:	USAID/Peru

SCHEDULE

A. The purpose of this Grant is to provide emergency assistance to the small and subsistence farmers of sixty communities of the department of Puno, most seriously affected by the 1991-1992 drought, as more specifically described in Attachment 2 to this Grant Agreement entitled "Program Description".

B. Period of Grant

The effective date of this Grant is the date of signature of the cover letter. The expiration date of this Grant is June 30, 1993.

C. Amount of Grant and Payment

1. A.I.D. hereby obligates the amount of US\$ 746,000 for purposes of this Grant.

2. Payment shall be made to the Grantee in accordance with procedures set forth in Attachment 3 - Optional Standard Provision N° 1 entitled "Payment-Letter of Credit".

D. Financial Plan

The following is the Grant Budget including local cost financing as authorized. The Grantee shall not exceed the estimated dollar cost for any individual line item of cost shown below by more than 20 % of such line item. Revisions to this budget shall be made in accordance with Mandatory Standard Provision N° 4 entitled "Revision of Grant Budget".

A. Procurement of Seeds (App. 270 MT)	US\$	308,400
B. Procurement of Fertilizers (App. 250 MT)		127,500
C. Transportation Costs (Seeds and Fertilizers)		22,700
D. Animal Health (60 modules of vaccines and medicines at \$750 each)		45,000
E. Technical Assistance (Salaries of 1 regional representative, 1 assistant and 6 technicians)		37,000
F. Operating Costs (Includes travel, per-diem and local transportation)		39,400
G. Administrative Costs		32,000
-Empty bags, packing materials and storage.	US\$ 6,000	
-Shared costs of Puno's Regional Office (salaries, office rental and supplies, communications, vehicle operation, etc.)	16,500	

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-Shared costs of Lima Office for project accounting.	7,500
-Other miscellaneous costs	2,000

H. Transportation costs of food commodities donated by USAID: a) 1,296 MT for FFW activities in Puno, including FFW supervision; b) 2,100 MT transferred to Puno from regular program reserves.	134,000
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TOTAL	US\$ 746,000
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E. Reporting

See Section C, Article IV of Attachment 2, Program Description.

F. Title to Property

Title to any property purchased under the Grant will be vested to the Grantee in accordance with Optional Standard Provision N°20.

G. Authorized Geographic Code

The authorized geographic code for procurement of goods and services under this grant is Peru or the United States except as A.I.D. may otherwise agree in writing.

H. Applicable Standard Provisions

All Mandatory Standard Provisions and the following Optional Standard Provisions, Attachment 3, apply to this Grant: 1,6,7,9,20.

I. Procurement of Agricultural Commodities and Fertilizers

Notwithstanding the restrictions established in Optional Standard Provisions N°s 7 and 9, Attachment 3, Grant funds may be used for the procurement of agricultural commodities and fertilizers.

J. Payment for Local Costs

Notwithstanding the condition established in Optional Standard Provision N°9, Attachment 3, some local costs may be paid for in US dollars, as required.

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PROGRAM DESCRIPTION

I. Purpose of the Grant

The purpose of this Grant is to provide emergency assistance to the small and subsistence farmers most seriously affected by the 1991-1992 drought.

II. Goals, Objectives and Beneficiaries

A. Goal of the Grant

The goal is to insure the subsistence of 4,950 families most affected by the drought in 60 communities of the department of Puno, by assisting them to grow their own basic foods in at least half a hectare of land during the 1992-1993 agricultural season.

B. Objectives of the Grant

The Grant will provide to each one of the sixty selected communities, an assistance package which includes agricultural inputs, technical assistance and training and animal health services, (vaccines and medicines) for approximately 70,000 sheep and cattle. In addition, the Grant will pay for inland transportation costs of 1,296 MT of food commodities donated by USAID for FFW activities in Puno.

The anticipated results of the Grant may be described as follows:

1. An estimated total of 444 Has. planted with: Potato, Barley, Quinoa and Broad Beans.
2. An estimated total of 299 Has. planted with fodder and improved pastures.
3. Establishment of a community revolving fund mechanism that will provide for the planting of approximately 270 Has. of food crops in a second agricultural season.
4. Adoption of improved seed types, appropriate inorganic and organic fertilizers, natural pest control methods, and generally, advanced agricultural skills which will result in increased production.
5. Improved health conditions for approximately 1,000 heads of sheep and 150 heads of cattle in each of the sixty Project communities.

C. Beneficiaries

The Project beneficiaries are 4,950 families in 60 communities directly affected by the drought and its consequences in the Puno subregion. These communities belong to the districts of Juli, Yunguyo, Pomata, Acora, Ilave, Puno, Paucarcolla, Chucuito, Vilque and Mañazo. The beneficiaries should be small land holders seriously affected by the drought, traditionally living from their agricultural production and without other significant sources of income.

III. Nature of Project Activities

The following is a description of project components:

A. Support to Agricultural Production

In the communities affected by the drought, the Project will provide an assistance package which includes agricultural inputs, technical assistance and training.

A1. Agricultural Inputs

The agricultural inputs, seeds and fertilizers, will be provided to sixty communities of the Puno subregion through a revolving fund mechanism which will assist in the reestablishment of the yearly cropping resources needed. The revolving fund regulations will be the control instrument for the use of the project resources in the communities.

The seeds and fertilizers will be used for the planting of an estimated 743 Has. with potato, barley, quinua, broad beans and fodder as follows:

A.1.1. Crops for human consumption	444 has.
Potatoes	148 has.
Barley	151 has.
Quinua	77 has.
Broad Beans	68 has.
A.1.2. Fodder and improved pastures	299 has.
Fodder Oats	151 has.
Alfalfa-Dactilys association	148 has.
A.1.3. Total hectares under cultivation	743 has.

In total the Project will provide approximately 272 MT of seeds and 256 MT of fertilizers. The weights of seed per specific crop are the following: potato, 222 MT; barley, 18 MT; quinoa, 1 MT; broad beans, 10 MT; fodder oats, 18 MT; and alfalfa-dactylis association, 3 MT. The main fertilizers to be used are: potassium chlorate, ammonium nitrate and ammonium phosphate.

A2. Technical Assistance and Training

The sixty project assisted communities, with an average of 80 families per community, will receive technical training and orientation from six agricultural technicians from the Agricultural and Animal Husbandry Programs in CARE/Puno Regional Office. The training will be directed to the appropriate use of seeds and fertilizers, natural disease control methods and generally on the adoption of improved agricultural skills which will result in increased production. Farmers will also receive assistance on community organization and on the establishment and management of the revolving credit system. CARE will use a proven methodology of technical assistance which identifies critical stages during the agricultural calendar and that will be applied at a specific level, according to the advance of the agricultural season, assigning special care to communities that have not had previous contact with similar programs.

B. Animal Health Care

Under this component, each one of the Project communities will be provided with a service module for the attention with medicines and vaccines of 1,000 heads of sheep and 150 heads of cattle per community. The module will include the following products: Cooper D-60, 5 lts.; Panacur 2.5%, 5 lts.; Panacur 10%, 5 lts.; and Adevit 100cc, 8 bottles.

C. Transportation of Reprogrammed Food

Under this component, funding will be provided to cover: a) the inland transportation of 1,296 MT of Title II food commodities reprogrammed by USAID for FFW activities in drought affected areas of the department of Puno, and for CARE and counterpart supervision of the FFW program; b). transportation to regional warehouses of 2,100 MT of food commodities transferred to Puno from CARE's 5% reserve under the PRODIA program.

IV. Program Implementation and Responsibilities.

A. Implementation Period

The duration of the Project funded activities will be approximately nine months starting on/about September 30, 1992.

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B. Implementation Responsibilities

CARE will be responsible for all aspects of project implementation, including the procurement, transportation and distribution of agricultural inputs and other grant funded commodities, provision of technical assistance and training and animal health program. Implementation will be carried out in communities located within CARE/Puno program area and close to the groups that are participating in CARE's regular Agricultural Development programs. These communities will be organized in committees with their own directing boards, which will be responsible for the reception, distribution and recovery of seeds and other commodities, and for keeping a registry of crop production. Community revolving funds will be established to ensure that a portion of the production can be rolled over for use as seed in the 1993 crop season or kept as a reserve stock to respond to a future drought situation.

Project management, monitoring and evaluation will be performed by CARE/Puno Regional Office under the overall guidance and direction of CARE's Central Office. The Project will require one representative and one assistant at regional level to supervise and coordinate its implementation, in addition to six agricultural technicians for field implementation and technical assistance.

CARE will make the necessary coordinations with central, regional and local government authorities on all aspects related to project implementation. It will also coordinate with other private voluntary agencies working in the project areas to mutually complement their work to maximize the project impact and avoid duplication of efforts. Finally, since the Project will be carried out simultaneously with the USAID supported CARE PL 480 Food for Work project, CARE will to the extent possible, utilize the food resources to stimulate participation in the Project, to provide a nutritional complement to the families food needs, and to help reduce the pressure for the families to leave their land and look for work in the cities.

C. Reporting and Audits

CARE will prepare and submit to A.I.D. bi-monthly reports describing the status of the project and progress attained toward goals, implementation problems encountered, proposed corrective actions and activities programmed for the next two month period. At the end of the Project, CARE will submit a final report indicating the number of families, projects and hectares supported, type, volume and value of resources distributed, weight and value of the resulting production per crop, information on the bank of inputs or revolving fund established, results of the animal health component,

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general conclusions reached from the project and recommendations for future similar projects. Following the establishment and the beneficiaries replenishment of the revolving fund mechanism from the 1992 crop season for the 1993 crop season, CARE will continue to monitor these mechanisms to ensure their success and provide reports to A.I.D. on their status on a courtesy basis.

As specified in Mandatory Standard Provision No 2, a Project audit will be performed in accordance with the requirements of OMB Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions".

V. USAID Project Monitoring

USAID's Office of Economic Recovery (OER) will have primary monitoring responsibilities and be complemented by the staff of the Office of Food and Agriculture (OFA).

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