

PD-ABN-819
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THE REPUBLIC OF KENYA

INDIVIDUAL COUNTRY
FOOD FOR PEACE AGREEMENT

AMONG

THE GOVERNMENT OF KENYA
ACTING THROUGH THE MINISTRY OF FINANCE

AND

THE GOVERNMENT OF THE UNITED STATES OF AMERICA
ACTING THROUGH
THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

AND

THE KENYA FOOD SECURITY CONSORTIUM

FOR

IMPLEMENTATION OF PROJECTS INTENDED TO IMPROVE FOOD SECURITY
IN KENYA
THROUGH THE MONETIZATION OF DONATED PL 480 TITLE II FOOD AID

THIS AGREEMENT is made this 13th day of February, 1997, AMONG the GOVERNMENT OF THE UNITED STATES OF AMERICA ("USG"), acting through the UNITED STATES AGENCY for INTERNATIONAL DEVELOPMENT ("USAID") and the GOVERNMENT OF THE REPUBLIC OF KENYA, acting through its MINISTRY OF FINANCE ("GOK"), and the KENYA FOOD SECURITY CONSORTIUM made up of Catholic Relief Services ("CRS"), Food for the Hungry International ("FHI"), World Vision Kenya ("WVK"), World Concern Development Organization ("WCDO"), CARE Kenya ("CARE"), Technoserve Kenya ("TNS"), Adventist Development and Relief Agency ("ADRA") and any other USAID registered Private Voluntary Organization (PVO) that may have an approved PL 480 Title II program in Kenya (hereinafter referred to as "KFSC" or "KFSC member PVOs"), (collectively, the "Parties"),

--Recognizing the importance of increasing food security in Kenya; and

--Desiring to cooperate to support development assistance programs in Kenya;

Have entered into the following agreement:

I. THE MONETIZATION PROGRAM

1. During the USAID 1997 fiscal year (October 1, 1996-September 30, 1997), USAID has agreed to provide to three KFSC member PVOs (CRS, FHI and WVK), subject to the availability of funds and food resources, a total of U.S. Dollars \$1,408,941 worth of USG-donated PL 480 Title II food commodities ("food commodities") for monetization in Kenya (the "monetization program").
2. The funds generated from the monetization of the food commodities will support development projects administered by the KFSC member PVOs which aim to improve food security among various food insecure communities in Kenya (the "development projects").

II. RESPONSIBILITIES OF KFSC

1. Member PVOs of KFSC, through the Lead PVO, agree to monetize the food commodities through public tender to the private sector in Kenya at current market prices and use the proceeds to implement individual development projects aimed at improving the food security status of various food insecure communities in Kenya. "Lead PVO" refers to the PVO that takes the responsibility for the total monetization process, e.g., logistics, shipping, sale of

commodity, liaison with USAID and GOK etc, on behalf of all the other KFSC member PVOs. The Lead PVO will be changed every year to circulate among the KFSC member PVOs. In 1997, the Lead PVO will be CRS.

2. Title to the food commodities shall pass to the Lead PVO at the U.S. port. The Lead PVO shall provide adequate personnel at both its U.S. and Kenya offices to oversee all aspects of shipping, inspection and port clearing and shall share with other member PVOs all expenses arising from such responsibilities.
3. The Lead NGO will monetize Title II commodities on behalf of the other members of KFSC and will ensure that all the requisite duties and taxes are fully paid to the GOK. The proceeds from monetization shall be distributed among the KFSC member PVOs to finance implementation costs of development programs as outlined in Article IV. 1.
4. KFSC agrees to conduct, in collaboration with the relevant GOK ministries, a comprehensive disincentive and price and market analysis on the selected commodity to determine that the commodity:
 - a) does not result in a substantial disincentive to or interference with local agricultural production; and
 - b) sells at a fair market price which shall not distort market conditions of similar commodities or close substitutes in the market.
5. KFSC agrees to cooperate closely with the relevant GOK ministries and departments in selecting the appropriate food commodities to be monetized.
6. KFSC agrees to keep the GOK fully informed of the implementation of individual projects through periodic progress reports and shall invite GOK officials from the relevant ministries to undertake regular project site visits to participate in the implementation of such development programs.

III. RESPONSIBILITIES OF THE GOK

1. The GOK agrees to be a development partner with USAID and the KFSC in the monetization program designed to improve the food security status of food insecure communities in Kenya.

2. The GOK agrees to make an in-kind contribution equivalent to all import duties and related taxes, fees, etc, levied on the specific approved food commodities being imported and monetized to support the specified development programs. In-kind contributions by the GOK includes goods and services rendered to USAID approved projects by GOK civil servants. The related mechanics of the in-kind contributions will be detailed in subsequent project agreements.

IV. RESPONSIBILITIES OF USAID

1. Subject to successful USAID review and the availability of resources, USAID agrees to approve for funding individual development projects to be administered by the member PVOs as follows:

PVO	Project Period	Approx. Funding level (1997 only)	Project location	Project Activity
CRS	1997-2000	US\$ 380,000	13 Districts in Kenya	Child survival and household nutrition
WVK	1997-2000	US\$ 615,555	Morulem, Turkana	Morulem Irrigation Scheme at Lokori.
FHI	1994-1997	US\$ 413,386	Marsabit	Agricultural production in Marsabit district.
Total		US\$ 1,408,941		

Other PL 480 Title II projects aimed at improving the food security situation of other communities in other parts of the country may be added to the above list in later years depending on availability of USAID resources. USAID will keep the GOK informed of such changes.

2. USAID shall provide, subject to the availability of resources and acceptable program progress, on an annual basis to KFSC member PVOs, USG-donated PL 480 Title II food commodities for monetization in the remaining fiscal years for each of the development projects named above.
3. USAID shall provide administrative guidance, support and monitoring during monetization of the food commodities and implementation of the development projects named above in accordance with USAID policy.

4. Donations of agricultural commodities by USAID to KFSC member PVOs for the monetization program will be made subject to the terms and conditions of individually approved project agreements between USAID and the member PVOS.

V. USAID ASSISTANCE

1. USAID recognizes Kenya as a priority country in the Greater Horn of Africa region with regard to food security. In evidence of this, a total of U.S. Dollars \$1,408,941 worth of food commodities have been set aside for monetization in USAID 1997 fiscal year to support development projects in Kenya.
2. With demands for food commodities worldwide far exceeding available resources, USAID has the difficult task of allocating PL 480 Title II resources to over 30 food security programs worldwide.

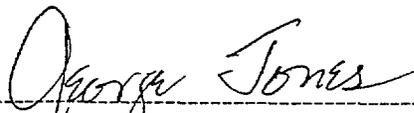
VI. AMENDMENT

This Agreement may be amended or modified by written agreement of the Parties hereto.

VII. ENTRY INTO FORCE

This Agreement shall enter into force upon signature by all Parties.

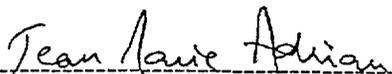
IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be signed in their names and delivered as of the day and year first above written.



George Jones
Mission Director
USAID/Kenya



Musalia Mudavadi
Minister for Finance,
Government of Kenya



Jean Marie Adrian
Country Representative,
Catholic Relief Services