

A.I.D. Project No. 391-0485
Dollar Appropriation No. 72-1141037
Budget Plan Code: HESA-84-27391-KG13
Project Agreement No. 84-16

SECOND AMENDATORY AGREEMENT

TO

PROJECT GRANT AGREEMENT

BETWEEN

THE PRESIDENT OF THE ISLAMIC REPUBLIC OF PAKISTAN

AND THE

UNITED STATES OF AMERICA

FOR

GADOON-AMAZAI AREA DEVELOPMENT

DATED: July 05, 1984

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SECOND AMENDATORY AGREEMENT TO PROJECT GRANT AGREEMENT
FOR GADOON-AMAZAI AREA DEVELOPMENT (HEREAFTER TO BE TITLED
"NORTHWEST FRONTIER AREA DEVELOPMENT")

Dated: July 05, 1984

BETWEEN

The President of the Islamic Republic of Pakistan (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 Second Amendatory Agreement to Project Agreement No 391-0485 dated August 28, 1983, is hereby entered into between the Parties above named to: (a) grant the Grantee additional United States ("U.S.") Dollars under this Project and to modify Annex 1 - Page 8 consistent therewith, (b) modify Section 2.1 (Definition of Project) and (c) change the name of the Project.

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 Five Million United States ("U.S.") Dollars (\$ 5,000,000).

The total Grant, comprising the original Agreement, the First Amendatory Agreement, and this Second Amendatory Agreement shall not exceed Twelve Million United States Dollars (\$ 12,000,000). ("Grant").

The Grant may be used to finance foreign exchange costs, as defined in Section 7.1, and local currency costs as defined in Section 7.2, of goods and services required for the Project."

Article 3: The Project

Section 2.1. is hereby deleted and the following substituted in its
stead:

"Section 2.1. Definition of Project. The Project has two major components. Each of the two major components will form two or more discrete sub-projects to be treated as distinct phases for purposes of formulation, processing and implementation, as and when the details of scope and financing are finalized. The first component is designed to change the Gadoon-Amazai area economy from one based primarily on poppy cultivation to a diversified agricultural and non-agricultural system with strong ties to the national economy, which will facilitate and complement the Grantee's enforcement effort with respect to poppy cultivation and narcotics production. This Project will proceed under the auspices of the Federal Pakistan Narcotics Control Board, in two interrelated phases. During Phase I, immediate benefits will be provided to the area inhabitants in the form of improved transport and other infrastructure such as power, seed and fertilizer, as well as specific small scale priority development activities identified by the Local Councils of the area. Phase II will involve the implementation of development activities in three major areas: (a) agricultural development; (b) infrastructure construction; and (c) off-farm employment. The second component is intended to change the economies of other areas of the NWFP including, but not limited to areas of Dir, Chitral, Mansehra Tribal Area, Bajaur and Mohmand, to a diversified agricultural and non-agricultural system with strong ties to the national economy, which changes will facilitate and complement the Grantee's enforcement effort with respect to poppy cultivation and narcotics production in these areas. This second component may, among

other things, include collaborative funding agreements with international donor agencies and support of development activities of the GOP's Special Development and Enforcement Plan. Annex 1 attached, amplifies the above definition of the Project. Within the limits of the above definition of the Project, elements of the amplified description stated in Annex 1 may be changed by written agreement of the authorized representatives of the Parties named in Section 9.2, without formal amendment of this Agreement."

Article 4: Annex 1 - Page 8

Annex 1 - Page 8 of the original Agreement is hereby deleted and the attached Annex 1 - Page 8 (Amendment 2) substituted in its stead.

Article 5: Name of Project

The title of this Project is changed to "Northwest Frontier Area Development Project."

Article 6: Other Terms and Conditions

All other terms and conditions of the Project 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 caused this Second Amendatory Agreement to be signed in the names and delivered as of the day and the year first above written.

GOVERNMENT OF PAKISTAN

BY: _____ Sd/-

NAME: _____ Syed Nisar Ali Shah

TITLE: _____ Joint Secretary

_____ Economic Affairs Division

UNITED STATES OF AMERICA

BY: _____ Sd/-

NAME: _____ Donor M. Lion

TITLE: _____ Mission Director

_____ USAID/Pakistan

Illustrative

SUMMARY OF PROJECT COSTS BY EXPENSE CATEGORY
AND SOURCE OF FUNDING

(in 000's)

Expense Category	Cumulative FY 1983 & FY 1984 To Date		Life of Project Funding ^{1/}	
	A.I.D. GRANT (in \$)	GOP (in Rs.)	A.I.D. GRANT ^{2/} (in \$)	GOP (in Rs.)
Technical Assistance	800	-	3,000	-
Training	620	-	650	-
Commodities	500	-	645	-
Other Costs				
a. Construction	3,140	855	3,405	2,496
b. Project Personnel and Operations.	1,665	2,940	3,700	8,320
c. Land & Other Facilities	-	441	-	1,280
Evaluation	-	-	200	-
Activities to support the GOP's Special Development and Enforcement Plan for Opium Poppy Growing Areas	5,000	-	10,000	-
TOTAL	11,725	4,236	26,600	12,096
Contingency/Inflation	275	1,970	3,400	5,824
GRAND TOTAL	12,000	6,206	30,000	17,920

1/ Does not include funding under the A.I.D. - Financed Development Support Training Project (391-0474) which may be used to finance some training under this Project, subject to the availability of funds to A.I.D. for this purpose.

2/ Subject to the availability of funds to A.I.D. for this purpose and to the mutual agreement of the parties to proceed at the time of each subsequent increment.