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AGENCIA PARA EL DESARROLLO INTERNACIONAL
DE LOS ESTADOS UNIDOS EN EL PERU (USAID/PERU)
C/O EMBAJADA AMERICANA
LIMA - PERU

TELEFONO 288200

June 16, 1987

Mr. Hernando de Soto
President
Instituto Libertad y Democracia
Av. Benavides 881
Miraflores

Subject: Instituto Libertad y Democracia (ILD)
Institutional, Applied Research and Reform
Activities Support
Grant No. 527-0298-G-00-5123-00
Amendment Four

Dear Mr. de Soto:

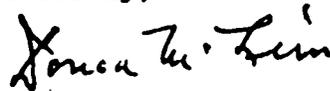
Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A.I.D." or "Grantor") hereby grants to the Instituto Libertad y Democracia (hereinafter referred to as "ILD" or "Grantee") the additional sum of \$250,000 to continue institutional support to ILD's program of applied research and reform activities related to the informal sector, as described in the Letter of Agreement dated June 20, 1985 as amended, Attachments 1 and 2 thereto, which are attached and made a part hereof (Attachment A for purposes of this amendment), and the revised schedule (Attachment B for purposes of this amendment). This additional increment supplements the \$950,000 previously granted for a total cumulative amount granted to date of \$1,200,000 (the "Grant").

This additional \$250,000 grant increment 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 third Grant period as per the Illustrative Budget in Attachment B ("the Revised Schedule").

This grant is made to ILD on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1 entitled "the Schedule", Attachment 2 entitled "Program Description", Attachments 3 & 4 entitled "Mandatory Standard Provisions" and "Optional Standard Provisions" of the Letter of Agreement dated June 20, 1985 as amended (Attachment A), and the Revised Schedule (Attachment B) which have been mutually agreed to by our organizations.

Please sign all six (6) copies of this letter acknowledging your receipt of the grant and return five (5) to USAID.

Sincerely,



Donor M. Lion
Director

Attachments:

A. Letter of Agreement dated 6/20/85, as amended and attachments thereto.

B. Revised Schedule.

ACKNOWLEDGED:
INSTITUTO LIBERTAD Y DEMOCRACIA

Name Hernando de Soto

Title President

Date June 16, 1987



FISCAL DATA:	
Appropriation	72-1171021
Budget Plan Code	LDSA-87-25527-KG13
Project Number	527-0298
Obligations to Date	\$950,000
This Obligation	\$250,000
Total Estimated Amount	\$1,200,000

REVISED SCHEDULE

A. Purpose of Grant

The purpose of this Grant is to assist ILD, through provision of operating costs, commodities, and direct and indirect expenses, to continue its applied research, analyses and reform activities on the informal sector and on the economic and legal relationships between the formal and informal sectors, as more specifically described in Attachment 2 to this Grant, entitled "Program Description".

B. Period of Grant

1. The effective date of this Grant is June 20, 1985. The expiration date of this Grant is January 31, 1988.

2. Funds obligated hereunder are available for program expenditures in accordance with the Grant Budget in Section D below for an estimated thirty four month period from April 1, 1985 to January 31, 1988.

C. Amount of Grant and Payment

1. The total amount of this Grant for the period shown in B.1 and B.2 above is \$1,200,000.

2. AID through letters of agreement dated 6/20/85 and 6/23/86 obligated the amounts of \$500,000 and \$450,000 respectively, and hereby obligates the additional amount of \$250,000 for program expenditures during the period set forth in B.2 above and as shown in the Grant Budget, Section D.

3. Payment shall be made to the Grantee in accordance with procedures set forth in Attachment 4, Optional Standard Provision 1, entitled "Payment Periodic Advance".

D. Financial Plan

1. The following is the Grant Budget for this Grant, including local cost financing items. Revisions of the Grant Budget shall be made in accordance with Mandatory Standard Provision 4 of Attachment 3, entitled "Revision of Grant Budget".

Illustrative Budget

Grant Period	1st.	2nd.	3rd.	<u>TOTAL</u>
	4/1/85- 6/30/86	7/1/86- 4/30/87	5/1/87- 1/31/88	
AID Grant	\$500,000	\$450,000	\$250,000	\$1,200,000
Other Donors	<u>\$143,670</u>	<u>\$375,940</u>	<u>\$584,434</u>	<u>\$1,104,044</u>
TOTAL	\$643,670	\$825,940	\$834,434	\$2,304,044
Bridge Grant*				<u>\$ 200,000</u>
GRAND TOTAL				\$2,504,044

1. Obligated Amount - 5/1/87 - 1/31/88

Wages/Salaries	\$184,200
Travel/Per Diem	\$ 7,325
Administration	\$ 25,725
Project Operating Expenses	\$ 17,000
Equipment	\$ 4,000
Publications	<u>\$ 11,750</u>
TOTAL	\$250,000

* Provided by AID under SDA PD&S for the period from December 1984 through March 1985.

2. Additional Funding, Second and Third Increments

The availability of AID funding for periods two and three of this project will be contingent upon ILD obtaining funding from other sources to finance roughly 46% of the grant activities in year two and 70% in year three. It is expected that ILD will receive other funding for specific project activities, but it is also possible that it will receive general support funding. Hence, two months before the end of each grant period, ILD will submit to AID a detailed workplan, including a statement of sources and uses of other funds for the coming year. AID will then program its resources to support those activities for which other funding has not been obtained. Should ILD be unable to raise the level of funding expected from other sources in periods two and three of the Grant, AID, in consultation with ILD, will determine the appropriate course of action, which may include an ordering of priorities, proportional cutbacks in AID funding, or some other adjustment.

E. Reporting and Evaluation

ILD hereby agrees to provide AID with copies of the following reports and any other reports as AID may deem necessary during project implementation:

1. Comprehensive quarterly reports which present findings, conclusions, and recommendations on each activity carried out under the Grant during the previous quarter, as well as problems encountered and proposed solutions;

2. Before receipt of second Grant period funding, a copy of the final text of its book, entitled "El Otro Sendero", as delivered to the publisher.

3. A series of technical papers containing the results of ILD's studies, which will also be distributed among the academic community, GOP leaders, and the general public;

4. Two months before the end of each Grant period, a listing of other (non-AID) financial support, by grantor, it has received to further the objectives of the Grant, along with a brief description of the specific purposes of such support and the time period over which it will be utilized;

5. Two months before the end of each Grant period, a detailed and calendarized workplan for the following Grant period, including specific goals, expected outputs, and specific benchmarks for each quarter; and

6. Quarterly financial reports stating amounts of funds received, spent, and liquidated in accordance with budget categories.

5

7. Before the end of the first half of the third Grant period, ILD and AID will jointly participate in an evaluation of ILD's AID financed activities.

F. Special Provisions

1. Optional Standard Provisions, Attachment 4, shall apply as follows: include provisions 1, "Payment - Periodic Advance," 5 "Procurement of Goods and Services", 6 "Ineligible and Restricted Goods and Services", 8 "Local Cost Financing with U.S. Dollars," 9 "Publications", 17 "Title to and Use of Property (Grantee Title)", and 20 "Cost Sharing".

2. Before AID funds may be used to purchase computer equipment or software costing more than \$10,000 in total, Grantee will obtain AID approval of the proposed purchase.

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