

Appendix G/ to PB 3 (TM 3.9)

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT IDENTIFICATION DOCUMENT FACESHEET <i>To Be Completed By Originating Office</i>				1. TRANSACTION CODE <input checked="" type="checkbox"/> A = Add <input type="checkbox"/> C = Change <input type="checkbox"/> D = Delete		PID <hr/> 2. DOCUMENT CODE			
3. COUNTRY/ENTITY GUYANA				4. DOCUMENT REVISION NUMBER <input type="checkbox"/>					
5. PROJECT NUMBER (7 digits) <input type="checkbox"/> 504-0073 <input type="checkbox"/>		6. BUREAU/OFFICE A. Symbol LA B. Code <input type="checkbox"/> 5 <input type="checkbox"/>		7. PROJECT TITLE (maximum 40 characters) <input type="checkbox"/> WEANING FOODS DEVELOPMENT <input type="checkbox"/>					
8. PROPOSED NEXT DOCUMENT A. <input checked="" type="checkbox"/> 3 2 = PRP 3 = PP B. DATE <input type="checkbox"/> 0 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/> 8				10. ESTIMATED COSTS (\$000 or equivalent, \$1 = \$2,5452) FUNDING SOURCE Life of Project					
9. ESTIMATED FY OF AUTHORIZATION/OBLIGATION a. INITIAL FY <input type="checkbox"/> 7 <input type="checkbox"/> 8 b. FINAL FY <input type="checkbox"/> 8 <input type="checkbox"/> 0				a. AID Appropriated		480			
				b. OTHER US		1. PL 480, Title II		840	
				c. Host Country				500	
				d. Other Donor(s)					
				TOTAL				1,820	
II. PROPOSED BUDGET AID APPROPRIATED FUNDS (\$000)									
A. APPROPRIATION		B. PRIMARY PURPOSE CODE		C. PRIMARY TECH. CODE		E. FIRST FY 1978		LIFE OF PROJECT	
				C. Grant D. Loan		F. Grant G. Loan		H. Grant I. Loan	
(1) FN		300		300		275		480	
(2)									
(3)									
(4)									
				TOTAL					
12. SECONDARY TECHNICAL CODES (maximum six codes of three positions each)									
310		331		334		350			
13. SPECIAL CONCERNS CODES (maximum six codes of four positions each)								14. SECONDARY PURPOSE CODE	
BR		BL		BS		BU		323	
15. PROJECT GOAL (maximum 240 characters)									
To improve the general health of Guyana's pre-school children by providing nutritious weaning foods made from indigenous foods.									
16. PROJECT PURPOSE (maximum 480 characters)									
To establish within Guyana the capacity for production and distribution of nutritious weaning foods made from indigenous foods.									
17. PLANNING RESOURCE REQUIREMENTS (staff/funds)									
Approximately one person month of TDY services from AID/W staff or qualified contractor to assist in preparation of project paper.									
18. ORIGINATING OFFICE CLEARANCE						19. Date Document Received in AID/W, or for AID/W Documents, Date of Distribution			
Signature									
Title Director, USAID/GUYANA									
						Date Signed			
						MM DD YY			
						0 3 3 0 7 8			

PROJECT IDENTIFICATION DOCUMENT

Weaning Foods Development

(504-0073)

1. SUMMARY OF THE PROBLEM AND THE PROPOSED RESPONSE

a. The Problem

Food supplements for preschool children have been distributed to a very limited extent in Guyana. Until recently, small amounts of imported commercial weaning foods were available through retail outlets. However, these products were considered too expensive to be consumed by low-income families and represented a drain on scarce foreign exchange. Accordingly, importation has recently been discontinued. Locally made weaning foods are available in the market but for the most part these are simply packaged plantain flour and are not adequate from a nutrition standpoint. WFP has supplied limited amounts of wheat flour, cheese, CSM and other commodities for distribution to families of malnourished children through MCH centers. This program has had limited effectiveness because it reaches only a small proportion of the target group and because the food appears to be consumed largely by the family as a whole rather than by preschoolers. This program is scheduled to terminate in 1979.

The 1971 National Food and Nutrition Survey of Guyana revealed that 18.2% of children under 5 years of age suffered from either second or third degree malnutrition and 70% of rural and 50% of urban children in this age group had some form of malnutrition. In 1973 a surveillance system was set up, through the Maternal and Child Health Clinics of the Ministry of Health, to monitor the Nutritional Status of children below 5 years of age attending these clinics. A summary of the results obtained through this system is shown below:

Nutritional Status of Children
below 5 years of age by degree and year

	1973	1974	1975	1976	Jan-Oct. 1977
	%	%	%	%	%
Normal	52.3	42.8	45.9	47.0	45.5
1st Degree Malnutrition	32.2	40.5	39.3	39.6	40.2
2nd/3rd Degree Malnutrition	15.4	16.7	14.8	13.4	14.4

The relative increase in the incidence of second and third degree malnutrition in 1974 may be explained by the significant increase in the cost

of living following the escalation of energy (petroleum) costs.

The 1971 National Food and Nutrition Survey of Guyana recommended:

"That low-cost weaning foods, based on rice, legumes, plantain flour and soybean be manufactured industrially in Guyana, and that these foods be supplemented where necessary with Iron, Vitamin A, Thiamine, Riboflavin and Niacin to meet internationally accepted levels."

This recommendation has been adopted in Guyana's Food and Nutrition Policy (prepared by the Ministry of Health).

In 1973, the Fifth Caribbean Health Minister's Conference evolved a strategy to combat gastroenteritis and malnutrition in children under two years of age:

"It is strongly recommended that: Before 1st January 1977, each ministry of Health be enabled to purchase at a negotiated contract price, from a food processor in their own country or at any rate in the Caribbean, adequate quantities of an infant weaning food made up according to the Ministry's own specifications. (The constituents of the food may well include imported or even donated foods, but at least the processing and packaging should be local)."

In March 1977 the Government of Guyana's cabinet directed that the Guyana Pharmaceutical Corporation (a Government entity) be responsible for the production and marketing of a weaning food product to implement the policy recommendations cited above. The Guyana Pharmaceutical Corporation (GPC) has requested A.I.D. assistance in this undertaking. Such assistance would be consistent with the findings of the A.I.D. Health and Nutrition Assessment Team which visited Guyana in February 1978, to review the situation and advise the U.S.A.I.D. on courses of action.

b. The Response

(1) Purpose. The purpose of this project will be to establish within Guyana the capacity for production and distribution of nutritious weaning foods made from local foods. The activity will be related to programs in both the agricultural and health sectors. Agricultural policy and plans call for improved agriculture production and the increased national production of nutritious food crops; health policy activities encompass preventative medicine including special feeding programs for young children. Attainment of the immediate objective of this project would provide children below 5 years of age with a nutritious food supplement in order to improve their nutritional status and contribute to the larger sectoral objective of eliminating the protein - calory malnutrition that exists among pre-school children in Guyana. This project is conceived as a developmental three-year pilot effort to provide an operational feasibility test.

(2) Description of proposed project:

a. General. The project as proposed is an integrated approach to solving a priority development problem using grant project funds together with

Title II commodity imports. It will provide for the manufacture and distribution of a food supplement (weaning food) to help alleviate malnutrition among preschool children in Guyana. The food is to be processed in a factory funded through the project and is to be made from ingredients supplied partly by the GOG and partly by grant project funds but predominantly from PL 480 (Title II) commodities. The food is to be precooked using low-cost extrusion cookers. It is to be distributed through retail outlets at a price which will permit recovery of manufacturing and distribution costs. In addition, approximately 10 - 15 percent of the production will be purchased by the GOG and distributed free of charge through MCH centers. The project is designed as a three year pilot project to study the feasibility of this method of providing food supplements to malnourished children and to establish a basis for extending the approach as an ongoing nutrition intervention. The follow-on project would be expected to include increased levels of local inputs and diminished levels of imported and grant inputs. Thus the Title II commodities will provide the needed interim assistance to test feasibility and acceptability of locally produced weaning foods, with the ultimate objective of substituting foods which are locally produced as they become available through crop production efforts, with ultimate transfer of full responsibility to GOG for continuation of the project.

b. Estimated project outputs: During the three-year pilot phase the annual production of weaning food would be approximately 900 tons which would represent an adequate intake for 20,000 children at about 4 ounces per day. This population group represents 15% of the total under 5 years of age in Guyana (130,000 based on the 1970 Census). The project also would serve to provide the experience needed to determine the feasibility of subsequent, expanded production of weaning foods.

c. Estimated physical resources required:

- (i) Building facility for a factory.
- (ii) Production equipment.
- (iii) Quality control equipment.
- (iv) Packaging equipment and material.
- (v) Transportation equipment.
- (vi) Food commodities for processing.

d. Estimated technical resources required:

- (i) Consultant engineering services for plant design, equipment selection, and operational start-up of machinery.
- (ii) The services of a product formulation expert.
- (iii) Marketing expertise for product promotion.

(3) Estimated Disbursement Period:

Three years.

c. Assumptions Pertinent to project success:

It is assumed that a weaning food product can be made acceptable to the Guyanese consumers. To do this the product must have acceptable properties of sight and taste as well as value for money. Particular emphasis will therefore be needed on product formulation together with promotional marketing.

d. Related activities by Government of Guyana and other donors:

No manufacture of weaning food has previously been undertaken in Guyana. At present there is a system of distribution through the Maternal and Child Health Clinics of foods such as wheat flour, corn-soya-milk, dry skim milk and cheese. These foods are donated by the U.N. World Food Program and the Governments of Canada and New Zealand.

Distribution on a relatively small scale (reaching some 3,000 children), is made to mothers of malnourished children.

e. Alternatives to the project:

The simplest alternative to this project would be the continued and possibly expanded distribution of donated foods, in the form of food parcels, through the Health Clinics. The proposed project has several advantages over this system:

- (1) A greater number of children would be reached since the present scheme only benefits some 3,000 children while the proposed project would provide weaning foods for up to 20,000 (and potentially to all children).
- (2) The Health Clinics do not have storage facilities for large quantities of food, thus the capacity for expanding such an activity through them is limited.
- (3) The weaning food would be consumed specifically by the child whereas the elements of the distributed food parcels usually are shared among the entire family.
- (4) Weaning food production would add impetus to the local food manufacturing industry and would offer opportunities for the useful transfer of appropriate technologies.

This project is selected also because of the favorable findings of the Health and Nutrition Team's review. The GPC has a history of successful project implementation and is presently establishing a food processing unit which will be responsible for project implementation.

f. Intended beneficiaries:

The intended beneficiaries ultimately are the children below 5 years of age in Guyana. The weaning food would be made available at retail food outlets throughout Guyana. In addition, the Ministry of Health would distribute a percentage of production through the Maternal and Child Health Clinics. Thus

virtually all families in the country would have access to the product.

g. Spread effect of the product:

Weaning food projects are attracting greater attention throughout the world, especially with the advent of low-cost extrusion technology. Were this project to be successful, it might well serve as a model for replication in other less developed countries. Should the results of this pilot effort so indicate, production could be expanded to the level commensurate with the demand for weaning foods.

Also, a successful weaning food factory in Guyana might manufacture weaning food products for other territories in the region, thus helping meet the needs of the Caribbean community.

2. FINANCIAL REQUIREMENTS AND PLANS

a. Estimated project costs (\$000)

<u>Item</u>	<u>Financing Source</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>LOP</u>
Equipment/Materials	USG	200	50	50	300
Facilities	GOG	85	65	65	215
Market Research	USG	5	5	5	15
Product Promotion	USG	20	10	--	30
Vitamin - Mineral Mix	USG	25	25	25	75
Raw Foods	USG	230	280	280	840
Raw Foods	GOG	45	45	45	135
Personnel	USG	25	25	10	60
Personnel	GOG	<u>50</u>	<u>50</u>	<u>50</u>	<u>150</u>
	<u>TOTALS</u>	<u>735</u>	<u>555</u>	<u>530</u>	<u>1,320</u>

b. Discussion

(1) General. All US financing is proposed as grant funding for the three-year pilot project. Exclusive of PL 480 (Title II) costs, USG funding is estimated to total \$480,000 over the life of the project. The largest part of this (\$275,000) would support initial start-up costs with two subsequent years' funding estimated at \$115,000 and \$90,000. GOG funding over the life of the project is estimated at \$500,000.

(2) **Equipment and Facilities.** AID will fund the procurement of the equipment needed for production, quality control, packaging, and transportation of the weaning foods. The GOG will furnish the site and buildings for the factory including construction to expand existing buildings.

(3) **Commodities.** It is proposed that an estimated 2,100 tons of food commodities (milk, soy, corn) be provided under PL 480, Title II, at an estimated cost of \$840,000 over the life of the project. Initial estimates range from \$750,000 to \$1,000,000 depending upon the specific mix of commodities determined appropriate. USDA has indicated its readiness to provide a small quantity of commodities (10-20 tons) in advance of project implementation to permit testing of various mixes and thus to facilitate project planning for commodity requirements. The GOG will contribute \$135,000 of locally available food products (rice and sugar) which will constitute about 25 percent of the raw materials for the weaning food mix. AID will grant finance the purchase of needed vitamin - mineral mixes at an estimated cost of \$25,000 per year. The GOG has already made available to GPC adequate storage facilities for the quantities of food commodities envisioned. The project, if successful, can be expected to foster increased local production of needed commodities by generating additional demand for such commodities.

(4) **Personnel.** AID will fund 12 person months of short-term technical assistance over the life of the project. The GOG will provide an estimated 540 person months of supervisory and skilled labor.

3. DEVELOPMENT OF THE PROJECT

a. Background

The GPC has already invested a considerable planning effort in this project idea. Following its designation in 1977 as the responsible agency for weaning foods production the GPC solicited U.S. advice and assistance in developing a production project. A USDA technician visited Guyana in 1976 to confer with GPC officials, and following that visit the GPC sent its technical director and product development chemist to Central America to observe Brady Extrusion Cooker demonstrations (Guatemala/INCAP) and operations (Costa Rica). At the same time the GPC sought to obtain the use of one of USDA's demonstration cookers. When that proved impossible, the GPC initiated action to procure its own extrusion cooker which it recently acquired. The USDA technician returned in early 1978 in conjunction with an A.I.D. Health and Nutrition Team to review progress and advise on further project development. Arrangements have been made for USDA to supply small amounts of food commodities which will permit operational tests of the extrusion equipment as well as for Colorado State University to provide technical assistance in cooker operation.

b. Further Development

(1) The GPC is informed of similar project undertakings elsewhere in the world and is alert to the potential difficulties inherent in such projects.

The principal liability identified is the acceptability of the product to the consumer. Experience has shown that mothers must be persuaded of a weaning food's visual and taste desirability before they will accept it for their children. Consequently the GPC intends to pursue tests designed to reach a formulation satisfactory to Guyanese.

(2) Another marketing consideration is the cost of the product. While the project proposal includes a provision for free distribution of the weaning foods through Health Clinics, the bulk of the foods produced would be distributed commercially through retail food outlets. The GPC has already undertaken some cost analyses which indicate that weaning foods can be produced at a cost attractive to consumers. These analyses will be refined in preparing the project paper along with cost projections for equipment and commodities.

(3) The project paper will also need an analysis of the market situation for weaning foods and the development of a marketing element for the project plan.

c. Documentation Schedule

Because of the substantial planning already conducted by the GPC, it is considered appropriate to move directly from the PID to the PP. Any issues raised in review of the PID will be addressed in the PP which could be prepared by June, 1978, for FY1978 project funding.

d. Resources Required

Responsibility for project implementation will fall to the Ministry of Economic Development and Cooperatives and its subordinate element, the GPC. The GPC has taken the initiative to begin project development and is capable and prepared to work closely with A.I.D. planners to bring the project to fruition. Approximately one month of a qualified consultant's time is the estimated need for PP preparation. Because of its experience with this type of activity, USDA may be the best source of such assistance.

4. ISSUES OF A POLICY OR PROGRAMMATIC NATURE

a. Funding Sources and Uses

This project envisions a combination of A.I.D. grant funding and P.L. 480 (Title II) commodities. Both inputs will be required over the three-year life of the project. The proposed sale of the product which includes Title II commodities should be reviewed. Section 206 of P.L. 480 allows sales of such commodities to help finance self-help programs to help develop nutritious foods.

b. Pilot Nature of the Project

The total concept of the proposed activity embraces a three-phase effort of which this project would constitute Phase I. Should project evaluations over the life of this project suggest its long term viability, a follow-on project (Phase II, three years) would be envisioned to expand productive capacity and

begin replacing imported inputs with locally produced commodities. Phase III then would be the long term conduct of the activity on a self-sustaining basis.

A.I.D. Project Number 504-0073

PROJECT
GRANT AGREEMENT
BETWEEN
GUYANA
and the
UNITED STATES OF AMERICA
for
WEANING FOOD DEVELOPMENT

Dated: September 30, 1978

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Project Grant Agreement

Dated September 30, 1978

Between

Guyana ("Grantee")

And

The United States of America, acting through the
Agency for International Development ("A.I.D.").

Article 1: The Agreement

The purpose of this Agreement is to set out the understandings of the parties named above ("Parties") with respect to the undertaking by the Grantee of the Project described below, and with respect to the financing of the Project by the Parties.

Article 2: The Project

SECTION 2.1. Definition of Project. The Project, which is further described in Annex 1, will consist of a pilot effort to establish within Guyana the capacity for processing and distributing a nutritious weaning food. 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 8.2, without formal amendment of this Agreement.

SECTION 2.2. Incremental Nature of Project.

(a) A.I.D.'s contribution to the Project will be provided in increments, the initial one being made available in accordance with Section 3.1. of this Agreement. Subsequent increments will be subject to availability of funds to A.I.D. for this purpose, and to the mutual agreement of the Parties, at the time of a subsequent increment, to proceed.

(b) Within the overall Project Assistance Completion Date stated in this Agreement, A.I.D., based upon consultation with the Grantee, may specify in Project Implementation Letters appropriate time periods for the utilization of funds granted by A.I.D. under an individual increment of assistance.

Article 3: Financing

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 the Grantee under the terms of this Agreement not to exceed Two Hundred and Seventy Five Thousand United States ("U.S.") Dollars (\$275,000) ("Grant").

The Grant may be used to finance foreign exchange costs, as defined in Section 6.1, and local currency costs, as defined in Section 6.2, of goods and services required for the Project.

SECTION 3.2. Grantee Resources for the Project.

(a) The Grantee agrees to provide or cause to be provided for the Project all funds, in addition to the Grant, and all other resources required to carry out the Project effectively and in a timely manner.

(b) The resources provided by Grantee for the Project will be not less than the equivalent of U.S. \$280,000 including costs borne on an "in-kind" basis.

SECTION 3.3. Project Assistance Completion Date.

(a) The "Project Assistance Completion Date" (PACD), which is December 31, 1982, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all services financed under the Grant will have been performed and all goods financed under the Grant will have been furnished for the Project as contemplated in this Agreement.

(b) Except as A.I.D. may otherwise agree in writing, A.I.D. will not issue or approve documentation which would authorize disbursement of the Grant for services performed subsequent to the PACD or for goods furnished for the Project, as contemplated in this Agreement, subsequent to the PACD.

(c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters are to be received by A.I.D. or any bank described in Section 7.1. no later than nine (9) months following the PACD, or such other period as A.I.D. agrees to in writing. After such period, A.I.D.,

giving notice in writing to the Grantee, may at any time or times reduce the amount of the Grant by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of the said period.

Article 4: Conditions Precedent to Disbursement

SECTION 4.1. First Disbursement. Prior to the first disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) An opinion of counsel acceptable to A.I.D. that this Agreement has been duly authorized and/or ratified by, and executed on behalf of, the Grantee, and that it constitutes a valid and legally binding obligation of the Grantee in accordance with all of its terms;

(b) A statement of the name of the person holding or acting in the office of the Grantee specified in Section 8.2., and of any additional representatives, together with a specimen signature of each person specified in such statement; and

(c) A time phased implementation plan for carrying out the Project.

SECTION 4.2. Additional Disbursement. Prior to disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, for equipment and materials, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D., a detailed list of equipment and materials needed for the Project together with cost estimates and needed delivery schedules.

SECTION 4.3. Notification. When A.I.D. has determined that the conditions precedent specified in Section 4.1. and 4.2. have been met, it will promptly notify the Grantee.

SECTION 4.4. Terminal Dates for Conditions Precedent.

(a) If all the conditions specified in Section 4.1. have not been met within 60 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate the Agreement by written notice to Grantee.

(b) If all of the conditions specified in Section 4.2. have not been met within 120 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may cancel the then undisbursed balance of the Grant, to the extent not irrevocably committed to third parties, and may terminate this Agreement by written notice to the Grantee.

Article 5: Special Covenants

SECTION 5.1. Project Evaluation. The Parties agree to establish an evaluation program as part of the Project. Except as the Parties otherwise agree in writing, the program will include, during the implementation of the Project and at one or more points thereafter:

- (a) evaluation of progress toward attainment of the objectives of the Project;
- (b) identification and evaluation of problem areas of constraints which may inhibit such attainment;
- (c) evaluation, to the degree feasible, of the overall development impact, including nutrition impact, of the Project;
- (d) progress and effect of nutrition education program;
- (e) an in-depth evaluation during the third year of the Project in order to assess the medium and long-term economic and financial feasibility of weaning food production, to include the capacity of the GOG to sustain the industry in subsequent years, given subsidy levels required, consumption levels, local availability and costs of food required, plus costs of other materials, using base line data gathered during the life of Project; and
- (f) evaluation of feasibility of complementing this Project with increased emphasis on maternal nutrition in Phase II.

Article 6: Procurement Source

SECTION 6.1. Foreign Exchange Costs. Disbursements pursuant to Section 7.1. will be used exclusively to finance the costs of

goods and services required for the Project having their source and origin in the United States (Code 000 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods or services) ("Foreign Exchange Costs"), except as A.I.D. may otherwise agree in writing, and except as provided in the Project Grant Standard Provisions Annex, Section C.1.(b) with respect to marine insurance.

SECTION 6.2. Local Currency Costs. Disbursements pursuant to Section 7.2. will be used exclusively to finance the costs of goods and services required for the Project having their source and, except as A.I.D. may otherwise agree in writing, their origin in Guyana ("Local Currency Costs"). To the extent provided for under this Agreement, "Local Currency Costs" may also include the provision of local currency resources required for the Project.

Article 7: Disbursement

SECTION 7.1. Disbursement for Foreign Exchange Costs.

(a) After satisfaction of conditions precedent, the Grantee may obtain disbursements of funds under the Grant for the Foreign Exchange Costs of goods or services required for the Project in accordance with the terms of this Agreement, by such of the following methods as may be mutually agreed upon:

(1) by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, (A) requests for reimbursement for such goods or services, or, (B) requests for A.I.D. to procure commodities or services in Grantee's behalf for the Project; or

(2) by requesting A.I.D. to issue Letters of Commitment for specified amounts (A) to one or more U.S. banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, under Letters of Credit or otherwise, for such goods or services, or (B) directly to one or more contractors or suppliers, committing A.I.D. to pay such contractors or suppliers for such goods or services.

(b) Banking charges incurred by Grantee in connection with Letters of Commitment and Letters of Credit will be financed under the Grant unless Grantee instructs A.I.D. to the contrary. Such other charges as the Parties may agree to may also be financed under the Grant.

SECTION 7.2. Disbursement for Local Currency Costs.

(a) After satisfaction of conditions precedent, the Grantee may obtain disbursements of funds under the Grant for Local Currency Costs required for the Project in accordance with the terms of this Agreement, by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, requests to finance such costs.

(b) The local currency needed for such disbursements may be obtained:

- (1) by acquisition by A.I.D. with U.S. Dollars by purchase or from local currency already owned by the U.S. Government; or
- (2) by A.I.D. (A) requesting the Grantee to make available the local currency for such costs, and (B) thereafter making available to the Grantee, through the opening or amendment by A.I.D. of Special Letters of Credit in favor of the Grantee or its designee, an amount of U.S. Dollars equivalent to the amount of local currency made available by the Grantee, which dollars will be utilized for procurement from the United States under appropriate procedures described in Project Implementation Letters.

The U.S. dollar equivalent of the local currency made available hereunder will be, in the case of subsection (b)(1) above, the amount of U.S. dollars required by A.I.D. to obtain the local currency, and in the case of subsection (b)(2) above, an amount calculated at the rate of exchange specified in the applicable Special Letter of Credit Implementation Memorandum hereunder as of the date of the opening or amendment of the applicable Special Letter of Credit.

SECTION 7.3. Other Forms of Disbursements. Disbursements of the Grant may also be made through such other means as the Parties may agree to in writing.

SECTION 7.4. Rate of Exchange. Except as may be more specifically provided under Section 7.2, if funds provided under the Grant are introduced into Guyana by A.I.D. or any public or private agency for purposes of carrying out obligations of A.I.D. hereunder, the Grantee will make such arrangements as may be necessary, so that such funds may be converted into currency of Guyana at the highest rate of exchange which, at the time the conversion is made, is not unlawful in Guyana.

Article 8: Miscellaneous

SECTION 8.1. Communications. Any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such Party at the following addresses:

To the Grantee

Mail Address: Guyana Pharmaceutical Corporation
1 Public Road
La Penitence
Guyana

Alternate Address
for cables:

LIMACOL
Georgetown
Guyana

To A.I.D.:

Mail Address: USAID Mission Director
P. O. Box 25
Georgetown, Guyana

Alternate Address
for cables:

USAID
American Embassy
Georgetown, Guyana

All such communications will be in English, unless the Parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of notice. The Grantee, in addition, will provide the USAID Mission with a copy of each communication sent to A.I.D.

SECTION 8.2. Representatives. For all purposes relevant to this Agreement, the Grantee will be represented by the individual holding or acting in the Office of the Minister of Economic Development and Cooperatives and A.I.D. will be represented by the individual holding or acting in the office of Director of USAID, each of whom, by written notice, may designate additional representatives for all purposes other than exercising the power under Section 2.1. to revise elements of the amplified description in Annex 1. The names of the representatives of the Grantee, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

SECTION 8.3. Standard Provisions Annex. A "Project Grant Standard Provisions Annex" (Annex 2) is attached to and forms part of this Agreement.

IN WITNESS WHEREOF, the Grantee and the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

In presence of:

GUYANA

BY: (Sgd) H. Desmond Hoyte
H. Desmond Hoyte

(Sgd) Winston Murray
Assistant Secretary to the
Treasury

TITLE: Minister of Economic Development
and Cooperatives

In presence of:

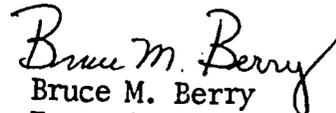
UNITED STATES OF AMERICA

BY: (Sgd) Edna A. Boorady
Edna A. Boorady

(Sgd) John R. Burke
John R. Burke
Ambassador

TITLE: Director, USAID Mission
to Guyana

Certified to be a true copy of the original signed
by Edna A. Boorady, Director, USAID/Guyana.


Bruce M. Berry
Executive Officer (Acting)
USAID/Guyana

Project Grant Agreement

Weaning Food Development

Project Description

I. Goal and Purpose

The goal of the Project is to improve the nutritional status of Guyana's pre-school children. The Project purpose is to establish within Guyana the capacity for production and distribution of nutritious weaning foods made from indigenous foods.

The Project envisages that approximately fifteen to twenty percent of the weaning food produced will be distributed, free of charge, to MCH clinics throughout Guyana.

II. Project Components

The Project is an integrated approach to solving a priority development problem, malnutrition among pre-school children, using grant project funds together with certain selected U.S. PL 480 Title II food commodity imports. The PL 480 Title II commodity component, consisting of corn flour, soy flour, milk powder, and soybean oil will be the subject of a separate grant agreement.

The components of this Grant Project are as follows:

1. Equipment and Materials

The Project will finance the equipment needed for production of the weaning food such as the extrusion cooker and ancillary processing equipment. It will also include packaging equipment

and materials such as polyethylene bags, as well as vehicles, for product distribution.

2. Marketing

The Project will finance needed consumer surveys and market research regarding product acceptance. In addition, there will be an informational campaign to introduce the product and to provide educational material on the nutritional advantages of the weaning food as a supplement to breast feeding for pre-school children.

3. Technical Assistance

The Project will finance, as needed, technical assistance in marketing, equipment installation and operations, and in product formulation and testing.

4. Commodities

To fortify the weaning food, the Project will finance from dollar funds modest quantities of vitamin and mineral premix which will be added to the food commodities being obtained under the PL 480 Title II Program.

The Project also provides for financing the local components of the weaning food, namely sugar and rice, from the Government of Guyana's contribution.

5. Facilities and Operating Personnel

The Government of Guyana, as part of its contribution, is providing a suitable factory for the production, storage and distribution of the weaning food, and financing the cost of the operating personnel.

III. Administrative Arrangements

The implementing agency for the Project on behalf of the Government of Guyana is the Guyana Pharmaceutical Corporation (GPC). They are charged with the responsibility for undertaking the product formulation, production, marketing and distribution elements of the Project. They will also be responsible for undertaking the necessary nutrition education elements of the Project in collaboration with the National Nutrition Committee. The GPC will appoint a qualified Project Manager to oversee all aspects of project implementation.

IV. Financial Plan

The details of the financial plan for the Project are set forth as Attachment I to this Annex.

PROJECT FINANCIAL PLAN

(Source and Application of funding - \$ Thousands)

As of September 30, 1978

Project No. 504-0073

PROJECT INPUTS	AMOUNT FOR AN INCREMENTALLY FUNDED PROJECT					
	Cumulative Obligations/ Commitments as of Sept. 30, 1978		Future Years Anticipated		<u>Total</u>	
	A.I.D.	GOG	A.I.D.	GOG	A.I.D.	GOG
1. Equipment and Materials	248.5	-	146.0	-	394.5	-
2. Marketing	11.5	-	33.0	-	44.5	-
3. Technical Assistance	5.0	-	10.0	-	15.0	-
4. Commodities	10.0	15.0	36.0	82.0	46.0	97.0
5. Facilities and Operations	-	265.0	-	140.0	-	405.0
Total	275.0	280.0	225.0	222.0	500.0	502.0

Project Grant Standard

Provisions Annex

Definitions: As used in this Annex, the "Agreement" refers to the Project Grant Agreement to which this Annex is attached and of which this Annex forms a part. Terms used in this Annex have the same meaning or reference as in the Agreement.

Article A: Project Implementation Letters

To assist Grantee in the implementation of the Project, A.I.D., from time to time, will issue Project Implementation Letters that will furnish additional information about matters stated in this Agreement. The parties may also use jointly agreed-upon Project Implementation Letters to confirm and record their mutual understanding on aspects of the implementation of this Agreement. Project Implementation Letters will not be used to amend the text of the Agreement, but can be used to record revisions or exceptions which are permitted by the Agreement, including the revision of elements of the amplified description of the Project in Annex 1.

Article B: General Covenants

SECTION B.1. Consultation. The Parties will cooperate to assure that the purpose of this Agreement will be accomplished. To this end, the Parties, at the request of either, will exchange views on the progress of the Project, the performance of obligations under this Agreement, the performance of any consultants, contractors, or suppliers engaged on the Project, and other matters relating to the Project.

SECTION B.2. Execution of Project. The Grantee will:

(a) carry out the Project or cause it to be carried out with due diligence and efficiency, in conformity with sound technical, financial, and management practices; and in conformity with those documents, plans, specifications, contracts, schedules or other arrangements, and with any modifications therein, approved by A.I.D. pursuant to this Agreement; and

(b) provide qualified and experienced management for, and train such staff as may be appropriate for the maintenance and operation of the Project, and, as applicable for continuing activities, cause the Project to be operated and maintained in such manner as to assure the continuing and successful achievement of the purposes of the Project.

Article B: General Covenants (Continued)

SECTION B.3. Utilization of Goods and Services.

(a) Any resources financed under the Grant will, unless otherwise agreed in writing by A.I.D., be devoted to the Project until the completion of the Project, and thereafter will be used so as to further the objectives sought in carrying out the Project.

(b) Goods or services financed under the Grant, except as A.I.D. may otherwise agree in writing, will not be used to promote or assist a foreign aid project or activity associated with or financed by a country not included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of such use. [See HB 18.]

SECTION B.4. Taxation.

(a) This Agreement and the Grant will be free from any taxation or fees imposed under laws in effect in the territory of the Grantee.

(b) To the extent that (1) any contractor, including any consulting firm, any personnel of such contractor financed under the Grant, and any property or transaction relating to such contracts and (2) any commodity procurement transaction financed under the Grant, are not exempt from identifiable taxes, tariffs, duties or other levies imposed under laws in effect in the territory of the Grantee, the Grantee will, as and to the extent provided in and pursuant to Project Implementation Letters, pay or reimburse the same with funds other than those provided under the Grant.

SECTION B.5. Reports, Records, Inspections, Audit.

The Grantee will:

(a) furnish A.I.D. such information and reports relating to the Project and to this Agreement as A.I.D. may reasonably request;

(b) maintain or cause to be maintained, in accordance with generally accepted accounting principles and practices consistently applied, books and records relating to the Project and to this Agreement, adequate to show, without limitation, the receipt and use of goods and services acquired under the Grant. Such books and records will be audited regularly, in accordance with generally accepted auditing standards, and maintained for three years after the date of last disbursement by A.I.D.; such books and records will also be adequate to show the nature and extent of solicitations of prospective suppliers of goods and services acquired, the basis of award of contracts and orders, and the overall progress of the Project toward completion; and

Article B: General Covenants (Continued)

(c) afford authorized representatives of a Party the opportunity at all reasonable times to inspect the Project, the utilization of goods and services financed by such Party, and books, records, and other documents relating to the Project and the Grant.

SECTION B.6. Completeness of Information. The Grantee confirms:

(a) that the facts and circumstances of which it has informed A.I.D., or cause A.I.D. to be informed, in the course of reaching agreement with A.I.D. on the Grant, are accurate and complete, and include all facts and circumstances that might materially affect the Project and the discharge of responsibilities under this Agreement;

(b) that it will inform A.I.D. in timely fashion of any subsequent facts and circumstances that might materially affect, or that it is reasonable to believe might so affect, the Project or the discharge of responsibilities under this Agreement.

SECTION B.7. Other Payments. Grantee affirms that no payments have been or will be received by any official of the Grantee in connection with the procurement of goods or services financed under the Grant, except fees, taxes, or similar payments legally established in the country of the Grantee.

SECTION B.8. Information and Marking. The Grantee will give appropriate publicity to the Grant and the Project as a program to which the United States has contributed, identify the Project site, and mark goods financed by A.I.D., as described in Project Implementation Letters.

Article C: Procurement Provisions

SECTION C.1. Special Rules.

(a) The source and origin of ocean and air shipping will be deemed to be the ocean vessel's or aircraft's country of registry at the time of shipment.

(b) Premiums for marine insurance placed in the territory of the Grantee will be deemed an eligible Foreign Exchange Cost, if otherwise eligible under Section C.7(a).

(c) Any motor vehicles financed under the Grant will be of United States manufacture, except as A.I.D. may otherwise agree in writing.

Article C: Procurement Provisions (Continued)

(d) Transportation by air, financed under the Grant, of property or persons, will be on carriers holding United States certification, to the extent service by such carriers is available. Details on this requirement will be described in a Project Implementation Letter.

SECTION C.2. Eligibility Date. No goods or services may be financed under the Grant which are procured pursuant to orders or contracts firmly placed or entered into prior to the date of this Agreement, except as the Parties may otherwise agree in writing.

SECTION C.3. Plans, Specifications, and Contracts. In order for there to be mutual agreement on the following matters, and except as the Parties may otherwise agree in writing:

(a) The Grantee will furnish to A.I.D. upon preparation,

(1) any plans, specifications, procurement or construction schedules, contracts, or other documentation relating to goods or services to be financed under the Grant, including documentation relating to the prequalification and selection of contractors and to the solicitation of bids and proposals. Material modifications in such documentation will likewise be furnished A.I.D. on preparation;

(2) such documentation will also be furnished to A.I.D., upon preparation, relating to any goods or services, which, though not financed under the Grant, are deemed by A.I.D. to be of major importance to the Project. Aspects of the Project involving matters under this subsection (a)(2) will be identified in Project Implementation Letters;

(b) Documents related to the prequalification of contractors, and to the solicitation of bids or proposals for goods and services financed under the Grant will be approved by A.I.D. in writing prior to their issuance, and their terms will include United States standards and measurements;

(c) Contracts and contractors financed under the Grant for engineering and other professional services, for construction services, and for such other services, equipment or materials as may be specified in Project Implementation Letters, will be approved by A.I.D. in writing prior to execution of the contract. Material modifications in such contracts will also be approved in writing by A.I.D. prior to execution; and

Article C: Procurement Provisions (Continued)

(d) Consulting firms used by the Grantee for the Project but not financed under the Grant, the scope of their services and such of their personnel assigned to the Project as A.I.D. may specify, and construction contractors used by the Grantee for the Project but not financed under the Grant, shall be acceptable to A.I.D.

SECTION C.4. Reasonable Price. No more than reasonable prices will be paid for any goods or services financed, in whole or in part, under the Grant. Such items will be procured on a fair and, to the maximum extent practicable, on a competitive basis.

SECTION C.5. Notification to Potential Suppliers. To permit all United States firms to have the opportunity to participate in furnishing goods and services to be financed under the Grant, the Grantee will furnish A.I.D. such information with regard thereto, and at such times, as A.I.D. may request in Project Implementation Letters.

SECTION C.6. Shipping.

(a) Goods which are to be transported to the territory of the Grantee may not be financed under the Grant if transported either: (1) on an ocean vessel or aircraft under the flag of a country which is not included in A.I.D. Geographic Code 935 as in effect at the time of shipment, or (2) on an ocean vessel which A.I.D., by written notice to the Grantee has designated as ineligible; or (3) under an ocean or air charter which has not received prior A.I.D. approval.

(b) Costs of ocean or air transportation (of goods or persons) and related delivery services may not be financed under the Grant, if such goods or persons are carried: (1) on an ocean vessel under the flag of a country not, at the time of shipment, identified under the paragraph of the Agreement entitled "Procurement Source: Foreign Exchange Costs," without prior written A.I.D. approval; or (2) on an ocean vessel which A.I.D., by written notice to the Grantee, has designated as ineligible; or (3) under an ocean vessel or air charter which has not received prior A.I.D. approval.

(c) Unless A.I.D. determines that privately owned United States-flag commercial ocean vessels are not available at fair and reasonable rates for such vessels, (1) at least fifty percent (50%) of the gross tonnage of all goods (computed separately for dry bulk carriers, dry cargo liners and tankers) financed by A.I.D. which may be transported on ocean vessels will be transported on privately owned United States-flag commercial vessels, and (2) at least fifty percent (50%) of the gross freight revenue generated by

Article C: Procurement Provisions (Continued)

all shipments financed by A.I.D. and transported to the territory of the Grantee on dry cargo liners shall be paid to or for the benefit of privately owned United States-flag commercial vessels. Compliance with the requirements of (1) and (2) of this subsection must be achieved with respect to both any cargo transported from U.S. ports and any cargo transported from non-U.S. ports, computed separately.

SECTION. C.7. Insurance.

(a) Marine insurance on goods financed by A.I.D. which are to be transported to the territory of the Grantee may be financed as a Foreign Exchange Cost under this Agreement provided (1) such insurance is placed at the lowest available competitive rate, and (2) claims thereunder are payable in the currency in which such goods were financed or in any freely convertible currency. If the Grantee (or government of Grantee), by statute, decree, rule, regulation, or practice discriminates with respect to A.I.D.-financed procurement against any marine insurance company authorized to do business in any State of the United States, then all goods shipped to the territory of the Grantee financed by A.I.D. hereunder will be insured against marine risks and such insurance will be placed in the United States with a company or companies authorized to do a marine insurance business in a State of the United States.

(b) Except as A.I.D. may otherwise agree in writing, the Grantee will insure, or cause to be insured, goods financed under the Grant imported for the Project against risks incident to their transit to the point of their use in the Project; such insurance will be issued on terms and conditions consistent with sound commercial practice and will insure the full value of the goods. Any indemnification received by the Grantee under such insurance will be used to replace or repair any material damage or any loss of the goods insured or will be used to reimburse the Grantee for the replacement or repair of such goods. Any such replacements will be of source and origin of countries listed in A.I.D. Geographic Code 935 as in effect at the time of replacement, and, except as the Parties may agree in writing, will be otherwise subject to the provisions of the Agreement.

SECTION C.8. U.S. Government-Owned Excess Property. The Grantee agrees that wherever practicable, United States Government-owned excess personal property, in lieu of new items financed under the Grant, should be utilized. Funds under the Grant may be used to finance the costs of obtaining such property for the Project.

Article D: Termination; Remedies.

SECTION D.1. Termination. Either Party may terminate this Agreement by giving the other Party 30 days written notice. Termination of this Agreement will terminate any obligations of the Parties to provide financial or other resources to the Project pursuant to this Agreement, except for payment which they are committed to make pursuant to noncancellable commitments entered into with third parties prior to the termination of this Agreement. In addition, upon such termination A.I.D. may, at A.I.D.'s expense, direct that title to goods financed under the Grant be transferred to A.I.D. if the goods are from a source outside Grantee's country, are in a deliverable state and have not been offloaded in ports of entry of Grantee's country.

SECTION D.2. Refunds.

(a) In the case of any disbursement which is not supported by valid documentation in accordance with this Agreement, or which is not made or used in accordance with this Agreement, or which was for goods or services not used in accordance with this Agreement, A.I.D., notwithstanding the availability or exercise of any other remedies under this Agreement, may require the Grantee to refund the amount of such disbursement in U.S. Dollars to A.I.D. within sixty (60) days after receipt of a request therefor.

(b) If the failure of Grantee to comply with any of its obligations under this Agreement has the result that goods or services financed under the Grant are not used effectively in accordance with this Agreement, A.I.D. may require the Grantee to refund all or any part of the amount of the disbursements under this Agreement for such goods or services in U.S. Dollars to A.I.D. within sixty days after receipt of a request therefor.

(c) The right under subsection (a) or (b) to require a refund of a disbursement will continue, notwithstanding any other provision of this Agreement, for three years from the date of the last disbursement under this Agreement.

(d) (1) Any refund under subsection (a) or (b), or (2) any refund to A.I.D. from a contractor, supplier, bank or other third party with respect to goods or services financed under the Grant, which refund relates to an unreasonable price for or erroneous invoicing of goods or services, or to goods that did not conform to specifications, or to services that were inadequate, will (A) be made available first for the cost of goods and services required for the Project, to the extent justified, and (B) the remainder, if any, will be applied to reduce the amount of the Grant.

Article D: Termination; Remedies (Continued)

(e) Any interest or other earnings on Grant funds disbursed by A.I.D. to the Grantee under this Agreement prior to the authorized use of such funds for the Project will be returned to A.I.D. in U.S. Dollars by the Grantee.

SECTION D.3. Nonwaiver of Remedies. No delay in exercising any right or remedy accruing to a Party in connection with its financing under this Agreement will be construed as a waiver of such right or remedy.

SECTION D.4. Assignment. The Grantee agrees, upon request, to execute an assignment to A.I.D. of any cause of action which may accrue to the Grantee in connection with or arising out of the contractual performance or breach of performance by a party to a direct U.S. Dollar contract with A.I.D. financed in whole or in part out of funds granted by A.I.D. under this Agreement.

AMENDMENT No. 1

to the

PROJECT GRANT AGREEMENT

between

GUYANA

and

UNITED STATES OF AMERICA

for

WEANING FOOD DEVELOPMENT

Date: August 27, 1979

AMENDMENT No. 1
to the
PROJECT GRANT AGREEMENT
for
WEANING FOOD DEVELOPMENT

Date: August 27, 1979

Between

Guyana ("Grantee")

And

United States of America, acting through the
Agency for International Development ("A.I.D.").

Article 1. The Purpose

The purpose of this Amendment No. 1 is to increase the amount of funds made available under the Project Grant Agreement for the Weaning Food Development Project.

Article 2. The Amendments

The provisions of the Weaning Food Development Project Grant Agreement signed by the Parties on September 30, 1978, are hereby amended as follows:

1. SECTION 3.1. The Grant.

In the first paragraph, delete the following words and figures: "Two Hundred and Seventy Five Thousand" "\$275,000" and substitute: "Three Hundred and Ninety Thousand" "\$390,000".

2. SECTION 3.2 Grantee Resources for the Project

In paragraph (b), delete "\$280,000" and substitute "\$384,000"

Article 3.

Except as expressly modified herein, all other provisions of the above mentioned Project Grant Agreement shall continue 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 Amendment No. 1 to be signed in their names and delivered as of the day and year first above written.

GUYANA

In Presence of:

By: (Sgd) H. Desmond Hoyte

H. Desmond Hoyte

(Sgd) C.W. Goodchild
Acting Permanent Secretary
Ministry of Economic
Development & Cooperatives

Title: Minister of Economic
Development and Cooperatives

UNITED STATES OF AMERICA

In Presence of:

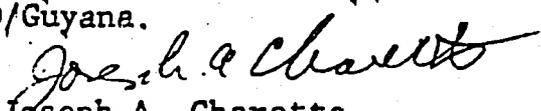
By: (Sgd) Edna A. Boorady

Edna A. Boorady

(Sgd) John R. Burke
John R. Burke
Ambassador

Title: Director, USAID Mission
to Guyana

Certified to be a true copy of the original signed by Edna A. Boorady, Director, USAID/Guyana.


Joseph A. Charette
Capital Development Officer