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A.I.D. Project No. 492-0385

AMENDMENT NO. 3
TO THE
PROJECT GRANT AGREEMENT
BETWEEN THE
REPUBLIC OF THE PHILIPPINES
AND THE
UNITED STATES OF AMERICA
FOR THE
ACCELERATED AGRICULTURAL PRODUCTION PROJECT

Dated: April 7, 1989

Loan and Grant Agreements
FM/LMD (if Loan) ✓
FM/PAFD ✓
FM/CAD ✓
GC/ANE ✓
ANE/Desk ✓
ANE/TR Officer ✓
ANE/PD Officer & File ✓
PPC/CDIE/DI ✓

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ACCELERATED AGRICULTURAL PRODUCTION PROJECT
AMENDMENT NO. 3 TO
PROJECT AGREEMENT NO. 492-0385

THIS AMENDMENT NO. 3, entered into as of the 7th day of April, 1989, between the REPUBLIC OF THE PHILIPPINES (the "Grantee") and the UNITED STATES OF AMERICA, acting through the Agency for International Development ("A.I.D.").

WITNESSETH THAT:

WHEREAS, the Grantee and A.I.D. (the "Parties") entered into Project Agreement No. 492-0385 (as amended, the "Agreement") on August 30, 1986, whereby A.I.D. agreed to provide an initial increment of \$13,816,766 in Grant funds for the Accelerated Agricultural Production Project; and

WHEREAS, through previous amendments to the Agreement, the amount of Grant funds was reduced to \$13,518,766; and

WHEREAS, the Grantee and A.I.D. have agreed to make certain modifications in the description of the Project; and

WHEREAS, A.I.D. has agreed to increase the amount of Grant funds by \$3,500,000.

NOW, THEREFORE, the Grantee and A.I.D. hereby agree to amend the Agreement as follows:

1. Amendment to Article 3 (Financing).

1.1. Section 3.1 of the Agreement, as previously amended, is hereby further amended by deleting the phrase "not to exceed Thirteen Million Five Hundred Eighteen Thousand Seven Hundred Sixty-Six United

States ("U.S.") Dollars (\$13,518,766.00) ("Grant")" and inserting the phrase "not to exceed Seventeen Million Eighteen Thousand Seven Hundred Sixty-Six United States ("U.S.") Dollars (\$17,018,766.00) ("Grant")" in lieu thereof.

1.2. Section 3.2(b) of the Agreement is hereby deleted in its entirety and the following inserted in lieu thereof:

"(b) The resources provided by the Grantee for the Project will be not less than the equivalent of U.S. \$6,990,000, including costs borne on an "in-kind" basis. In addition, resources of not less than the equivalent of U.S. \$725,000 are expected to be provided by non-governmental organizations and universities, including costs borne on an "in-kind" basis."

2. Amendment to Annex I (Project Description).

2.1. The first sentence of the first paragraph of Section II of Annex I is hereby amended by deleting the figure "\$20,000,000" and inserting the figure "\$22,700,000" in lieu thereof.

2.2. The second paragraph of Section II(1)(a) of Annex I is hereby deleted in its entirety and the following paragraph inserted in lieu thereof:

The irrigation effort will focus initially on three Regions (Western Visayas, Northern Mindanao and either Bicol or Ilocos). The approximate area coverage is as follows: (a) National Irrigation Systems: 60,000 hectares in 18 systems (58,000 farm families) and (b) Communal Irrigation Systems: 77,000 hectares in 380 systems (61,000 farm families). The objective is to develop systems that will achieve a self-supporting cycle of improved irrigation services to farmers, higher agricultural productivity, and increased water user revenue for the Provincial and Regional Offices of NIA. Based on experience in these three regions, activities to improve the maintenance, operations and management of national irrigation systems will be expanded to include all 143 national irrigation systems in all thirteen regions of the country.

2.3. Section III(B)(1) of Annex I is hereby amended by adding the following sentence to the end thereof:

All participant training financed under the Project shall be conducted in accordance with the provisions of A.I.D. Handbook 10 (Participant Training).

2.4. Section III(C)(1) of Annex I is hereby deleted in its entirety and the following inserted in lieu thereof:

"Total project costs for five years are estimated at \$30.415 million, of which A.I.D. will provide \$22.7 million through incremental funding, and the Philippine contribution is estimated at \$7.715 million. The Project will be incrementally funded in accordance with the provisions of Section 2.2(a) of the Project Agreement."

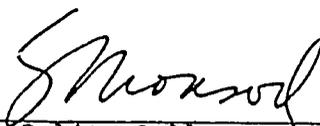
2.5. Annex I is further amended by adding (i) Tables 1 and 2 set forth in Attachment A hereto and (ii) the Current Obligation Schedule set forth in Attachment B hereto. Attachment A hereto supercedes and replaces Attachments A through D, inclusive, to Joint Project Implementation Letter No. 5 dated December 2, 1988. Attachment B hereto supercedes and replaces Attachment A to Amendment No. 2 to the Project Agreement.

Except as expressly amended herein, the said Agreement, as previously amended, shall continue in full force and effect in accordance with all of its terms.

IN WITNESS WHEREOF, the Parties to said Agreement, each acting through its duly authorized representative, have caused this Amendment No. 3 to be signed in their names and delivered as of the day and year first above written.

REPUBLIC OF THE PHILIPPINES

UNITED STATES OF AMERICA

By: 
Solita Collas-Monsod

By: 
Malcolm Butler

Title: Director-General
National Economic and
Development Authority

Title: Mission Director
United States Agency for
International Development

Table 1. SUMMARY LIFE OF PROJECT COST BY COMPONENT
USAID and Philippines, 1986-1991
(Thousand U.S. Dollars)

C O M P O N E N T	USAID GRANT	PHILIPPINE COUNTERPART	TOTAL
A. Services to Farmers (of which for Irrigation)	\$ 14,390 (10,460)	\$ 4,920 (3,500)	\$ 19,310 (13,960)
B. Market Development	2,791	1,125	3,916
C. Economic Analysis/Planning/Statistics	4,309	1,600	5,909
D. Project Management Services	1,210	70	1,280
TOTAL	\$ 22,700	\$ 7,715	\$ 30,415

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Table 2: SUMMARY LIFE OF PROJECT COST ESTIMATES
BY INPUTS AND FUNDING SOURCES
(Thousand U.S. Dollars)

PROJECT INPUTS	C O U N T E R P A R T				Total
	USAID	Dept. of Agriculture	National Irrigation Administration	NGOs and Universities	
A. Technical Assistance	\$ 3,619	-	\$ 10	-	\$ 3,629
B. Training/Workshops/Conferences	2,008	\$ 306	169	\$150	2,632
C. Research Grants/Fellowships	2,516	165	2,006	-	4,687
D. Operational Support	11,261	2,391	794	450	14,896
E. Commodities	2,754	128	-	-	2,882
F. Other Costs	492	500	522	125	1,639
G. Audit Review	50	-	-	-	50
TOTAL	\$22,700	\$3,490	\$3,501	\$725	\$30,415

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Amendment No. 3
Attachment B

ACCELERATED AGRICULTURAL PRODUCTION (AAP) PROJECT
Current Obligation Schedule by Component

C O M P O N E N T	Amount Obligated Before ProAg Amend. No. 3	Additional Obligation	Current Obligated Amount	Life of Project Funding Before ProAg Amend. No. 3	Current Life of Project Funding
A. Services to Farmers	\$ 9,048,703	\$ (376,703)	\$ 8,672,000	\$13,690,000	\$14,340,000
B. Market Development	1,347,000	1,444,000	2,791,000	2,575,000	2,791,000
C. Econ Analysis, Planning & Statistics	2,133,297	2,225,703	4,359,000	2,665,000	4,359,000
D. Project Management Services	989,766	207,000	1,196,766	1,070,000	1,210,000
TOTAL	\$13,518,766	\$3,500,000	\$17,018,766	\$20,000,000	\$22,700,000

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