

No. 18860

**UNITED STATES OF AMERICA
and
PERU**

Agreement concerning the transfer of agricultural commodities. Signed at Lima on 19 July 1978

Agreement amending the above-mentioned Agreement. Signed at Lima on 19 July 1978

Authentic texts: English.

Registered by the United States of America on 30 May 1980.

**ÉTATS-UNIS D'AMÉRIQUE
et
PÉROU**

Accord relatif au transfert de produits agricoles. Signé à Lima le 19 juillet 1978

Accord modifiant l'Accord susmentionné. Signé à Lima le 19 juillet 1978

Textes authentiques : anglais.

Enregistrés par les États-Unis d'Amérique le 30 mai 1980.

AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND PERU CONCERNING THE TRANSFER OF AGRICUL- TURAL COMMODITIES

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C.

TRANSFER AUTHORIZATION

School Feeding

AID No. 527-XXX-000-8653

Executive Vice President
Commodity Credit Corporation
U.S. Department of Agriculture
Washington, D.C.

Program Approval Date:
February 17, 1978

Program Title:
School Feeding Program

In accordance with the provisions of Title II, PL 480 (as amended), Section 2 of Executive Order 10900 and State Department Delegation Order No. 104 effective September 30, 1961, the Commodity Credit Corporation is hereby authorized to transfer and deliver agricultural commodities listed below to Peru in an amount not to exceed \$2,446,633 pursuant to the following instructions:

1. *Quantity—Metric Tons Not to Exceed:*

<i>Previous total</i>	<i>Increase</i>	<i>Decrease</i>	<i>Total to date</i>
	6,002		6,002

2. *Commodities to Be Provided As Follows:*

<i>Code No.</i>	<i>Commodity</i>	<i>Amount Metric Tons</i>	<i>Value \$</i>
048.8440	Instant CSM	1,147	453,065
048.1110	S.F. bulgur	966	198,030
046.0020	S.F. flour	1,089	263,538
421.2040	Vegoil	400	310,400
022.2040	N.F. dry milk	2,400	1,221,600
	TOTAL	6,002	2,446,633

3. *Estimated U.S. Government Ocean Transportation Costs: \$393,000*

All actual ocean transportation expenditures under this program, regardless of estimate shown above, are to be charged to Blanket Freight Transfer Authorization No. 935-9500-000-8899. An individual Ocean Freight Transfer Authorization will not be issued.

4. *Specifications:*

Wheat flour—soy-fortified bread flour, enriched and bleached, bagged 50 lbs.

Bulgur—soy-fortified, bagged 50 lbs. net.

¹ Came into force on 19 July 1978 by signature.

Instant CSM—blended food product, bagged 50 lbs. net.

Vegetable oil—edible, salad type, in 1 gallon cans.

Non-fat dry milk—powdered form, fortified, bagged in 50 lbs. net.

5. *Shipping Instructions:*

A. Delivery Schedule: ASAP

B. Ports of Discharge: to be advised.

C. Consignee: Direccion de Alimentacion
Ministerio de Salud
OCECO/PAE
Independencia 560
Lima 17, Peru

D. Inspection: Vessels shall be inspected prior to loading grain and/or grain products to assure that the storage spaces to be used are clean, free from insect infestation, and suitable for the grain and/or grain products authorized herein.

6. *Program Objectives and Use of Commodities:*

A. The commodities authorized herein are contributed by the United States to the Government of Peru in support of its efforts to continue the national primary school feeding program during the 1978 school year. The program approved herein covers all of the 1978 school year.

B. The program approved herein shall be carried out under the direction and supervision of the Government of Peru through the School Feeding Program Division of the Ministry of Public Health and Social Welfare.

C. The Government of Peru, through the School Feeding Program Division, shall be responsible for all internal costs entailed in the implementation of the program approved herein.

D. The program will provide a breakfast or lunch to approximately 500,000 primary school students. The total commodity requirement for one school year is 10,950 metric tons. Expansion of the school lunch program will be based upon additional commodities provided through the central school feeding program division, i.e. (P.A.E.) and through the local community school Father's Clubs (*Clubes des Padres*).

E. The commodities authorized herein shall not be used as payment-in-kind to processor(s) for services rendered, and the total quantity of Title II commodities supplied to the processor(s) shall be returned in the end product to be distributed to recipients eligible under the program approved herein.

F. The commodities furnished by the United States are a continuation of interim assistance to the National School Lunch program; such assistance is designed to assist the Government of Peru through its current financial difficulties, which presently preclude its locally purchasing total commodities, adequate and sufficient to accept full responsibility for the program's continuation.

G. This notwithstanding, the Government of Peru recognizes that its full responsibility for total food inputs remains the common objective to both

parties of this agreement and that during the forthcoming school year maximum effort will be given to increase the procurement of local commodities, both at the central funding and local contribution levels.

Therefore, in implementing the program approved herein, the Government of Peru, through the School Feeding program division agrees to:

7. *Administration:*

- a. Provide an adequate budget for the effective administration and supervision of the program at the National Provincial and Administrative level; which ensures periodic end-use inspections at both provincial and individual school levels.
- b. To assure adequate supervision and to further promote increased local food contributions on the part of individual fathers clubs, that P.A.E. will increase the number of full time field promoters/inspectors by at least 2 per school region.
- c. To undertake during the school year a systematic tabulation of local school committee (Father's Clubs) contributions nationwide; further, on the basis of size, community resources, and capabilities, to classify these schools with food contribution norms or quotas designed to progressively maximize their local resource inputs in the future.
- d. Offer guidance and training to teachers, food supervisors, cooks, and volunteer workers in food preparation and serving, nutrition education, school lunch administration and logistics, and related subjects;

8. *Commodity Surveillance:*

- a. Arrange for processing the Title II commodities supplied herein into different end products only on the basis of written agreements, with such processors and subject to the prior approval of the agreements by USAID/Peru;
- b. Develop and maintain a monitoring system which shall ensure that the operations of the program are under continuous review from the point at which the Title II commodities authorized hereunder enter the country until consumed by the eligible recipients;
- c. Carry out in each Department participating in the program an effective and uniform monthly reporting system on (a) inventories, distribution and utilization of the Title II commodities authorized herein; and (b) numbers of recipients by schools receiving such commodities;
- d. Designate approx. 80% of 2400 MT of Non-Fat Dry Milk (1900 MT) for distribution to schools within the Metropolitan area of Lima as a supplement to their regular school lunch or breakfast.

9. *Reporting:*

- a. Conduct at least one comprehensive internal audit annually, or a series of audit examinations which, when combined, will represent a complete examination of the Title II program;
- b. Submit quarterly reports to USAID/Peru, in a format prescribed by USAID/Peru, on the operation of the program, showing for each Department or Coordination (a) kinds and quantities of Title II commodities

received and utilized, and inventories on hand; (b) the actual number of recipients served during the reporting period; and (c) the sale of containers and proceeds therefrom per paragraph G below;

- c. Make available to USAID/Peru for its review copies of internal audit reports and end-use inspections per 6) and 7) above;
- d. Provide USAID/Peru with copies of the executed agreements for processing of any of the Title II commodities supplied hereunder per 3) above.

10. *Transportation:*

- a. The U.S. Government (USG) will be responsible for all costs incurred in the procurement, inspection and delivery of the commodities authorized herein F.A.S. vessel at designated U.S. ports.
- b. The USG will be responsible for arranging ocean transportation and payment of freight for 75 percent of the commodities required to be shipped on U.S. flag vessels to comply with P.L. 664 (Cargo Preference Act). The Government of Peru (GOP) will be responsible for arranging ocean transportation and payment of freight for the balance of the commodities (USG would be agreeable to book and to perform forwarding services for any such cargo). The USG will prior approve as to vessel name, loading date (laydays in the case of charters) and loading rate (where applicable) for all bookings by the GOP.
- c. Pursuant to paragraphs 7a, 7b, and 7c (see p. 24) of this agreement, the responsibility of the Government of Peru for paying ocean freight for the commodities cited herein is reduced from 50% to 25% of the total payments required, provided that the balance of funds effected by this reduction will be re-allocated by the Government of Peru as direct support to the school lunch division for specific application towards establishing additional promotor positions cited in paragraph 7b, including their necessary transportation and per diem traveling expenses.
- d. Dispatch and demurrage:
 - 1) At loading ports: Dispatch and demurrage for U.S. financed vessels is for the account of the USG. Dispatch and demurrage for GOP financed vessels is for the account of the GOP except demurrage incurred as a result of USG failure to position cargo so that the vessel can commence loading within its laydays and load continuously is for the account of the USG.
 - 2) At discharge ports: Dispatch earned on USG financed vessels is to be retained by the USG. Dispatch earned on GOP financed vessels is for the account of the GOP. Demurrage for all vessels is for the account of the GOP.
- e. General average: The USG will respond in general average and process and retain proceeds of ocean freight claims on USG financed vessels. The GOP will respond in general average on GOP financed vessels and will process and retain proceeds of ocean freight claims arising on such vessels.
- f. Pursuant to Regulation 11, section 211.9(c), the GOP will arrange for an independent cargo discharge survey and will furnish to the USAID/

Peru, within 30 days after discharge, a copy of all such discharge survey and outturn reports.

11. *Port Charges:*

The GOP, with respect to that portion of the commodities carriage cost financed by the USG, shall open an irrevocable letter of credit within fifteen days of the date on which it signs this Transfer Authorization, in favor of and acceptable to the Commodity Credit Corporation (CCC) of the U.S. Department of Agriculture in an amount no less than ten percent of anticipated freight costs under berth terms. The credit shall be payable upon presentation by CCC to the U.S. bank which issued or confirmed such letter of credit of a draft(s) accompanied by a copy(ies) of the applicable Public Voucher for Transportation Charges (Standard Form 1113) and a written statement that the amount is due CCC for ocean freight costs under the provisions of Transfer Authorization 527-XXX-000-8653 such amount to be ten percent of the ocean freight charges under berth terms shown on the accompanying respective applicable charter party(ies). The letter of credit will be available for drawings by CCC for at least 180 days after the date of the last shipment of the commodity authorized herein.

Date: 7-19-1978

HARRY W. SHLAUDEMAN
For the Government
of the United States

REQUEST AND ACCEPTANCE: The assistance described in this authorization is hereby requested, and the terms and conditions of this agreement and of AID Regulation 11, 41 F.R. 47919-47927 November 1, 1976 (attached and incorporated herein by reference), except as otherwise specifically provided herein, are hereby accepted.

Date: 7-19-1978

J. RADBILL
For the Government
of Peru

AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA
AND PERU AMENDING THE AGREEMENT CONCERNING
THE TRANSFER OF AGRICULTURAL COMMODITIES OF
19 JULY 1978²

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C.

TRANSFER AUTHORIZATION

School Feeding

Amendment No. 1
AID No. 527-XXX-000-8653

Executive Vice President
Commodity Credit Corporation
U.S. Department of Agriculture
Washington, D.C.

Program Approval Date:
April 12, 1978

Program Title:
School Feeding Program

In accordance with the provisions of Title II, PL 480 (as amended), section 2 of Executive Order 10900 and State Department Delegation Order No. 104 effective September 30, 1961, the Commodity Credit Corporation is hereby authorized to transfer and deliver agricultural commodities listed below to Peru in an amount not to exceed \$2,446,633 pursuant to the following instructions:

PURPOSE OF AMENDMENT: Whereas owing to financial constraints imposed on the GOP to a degree unforeseen at the time of the original preparation of this transfer authorization, the paragraphs of this agreement pertaining to ocean freight costs, including those of port charges, are amended as follows:

7. *Administration* (Amendment)

- b. To assure adequate program implementation and control and, to further promote local food contribution on the part of the individual fathers clubs, that PAE will increase the number of supervisory visits per school region as compared to 1977.

8. *Commodity Surveillance* (Amendment)

- d. Designate approximately 30% of 2,400 MT of non-fat dry milk (720 MT) for distribution to schools within the Metropolitan area of Lima, specially schools located in *Pueblos Jovenes*.

10. *Transportation* (Amendment)

- b. The United States Government will be responsible for arranging and payment of all commodities required for this program, to be shipped on U.S. flag vessels to comply with P.L. 664 (*Cargo Preference Act*).

¹ Came into force on 19 July 1978 by signature.

² See p. 22 of this volume.

- c.* The Government of Peru will allocate from other sources of funds to be developed in consultation with the USAID Mission in Lima sufficient funds to the school lunch division to increase program supervision cited in paragraph *7b*, including necessary transportation and per diem traveling expenses.
- d.* Dispatch and demurrage:
 - 1) At loading ports: Dispatch and demurrage for all shipments in U.S. financed vessels is for the account of the USG.
 - 2) At discharge ports: Dispatch earned on USG financed vessels is to be retained by the USG.
- e.* General Average: The USG will respond in general average and process and retain proceeds of ocean freight claims on USG financed vessels.

11. *Port Charges:*

The USG shall be responsible for the payment of all anticipated freight costs under berth terms at Peruvian ports amounting to approximately \$660,000.

All other provisions remain unchanged.

Date: 7-19-1978

HARRY W. SHLAUDEMAN
For the Government
of the United States

REQUEST AND ACCEPTANCE: The assistance described in this authorization is hereby requested, and the terms and conditions of this agreement and of AID Regulation 11, 41F.R.47919-47927 November 1, 1976 (attached and incorporated herein by reference), except as otherwise specifically provided herein, are hereby accepted.

Date: 7-19-1978

J. RADBILL
For the Government
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