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5270231/49



AGENCY FOR INTERNATIONAL DEVELOPMENT

UNITED STATES AID MISSION TO PERU

C/O AMERICAN EMBASSY

LIMA, 1 PERU

TELEPHONE: 286200

CABLE: USAID/LIMA

May 27, 1982

Mr. Saul Calle
Acting Executive Director
Servicio Evangélico Peruano de Acción Social
Mayta Capac 1348
Jesús María

Subject: Project No. 527-0231 - SEPAS Reforestación
Food for Work Program

Dear Mr. Calle:

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 Servicio Evangélico Peruano de Acción Social (hereinafter referred to as "SEPAS" or "Grantee") a sum not to exceed the equivalent of Three Hundred Thousand United States Dollars (\$300,000) to support a program in Peru to provide Title II commodities in conjunction with Food for Work reforestation activities, as more fully described in the Schedule and Attachment I to this Grant entitled "Program Description."

This Grant 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 a one year period beginning with the effective date.

This Grant is made to SEPAS on condition that the funds will be administered in accordance with the terms and conditions as set forth in the Schedule; Attachment 1, entitled "Program Description"; and Attachment 2, entitled "Standard Provisions," which have been agreed to by your organization.

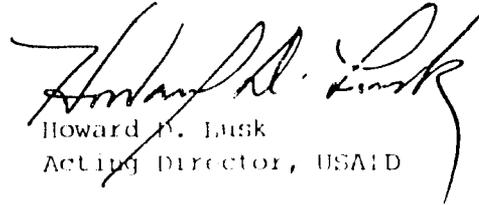
Please sign four (4) copies of this Grant Agreement to acknowledge your acceptance of the conditions under which these funds have been granted.

Mr. S. Calle

2.

Please return three (3) signed copies of this Grant Agreement to the Agency for International Development.

Sincerely yours,

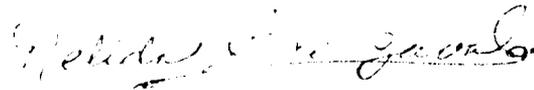

Howard W. Lusk
Acting Director, USAID

Enclosures:

Schedule

Program Description ("Attachment 1")
Standard Provision ("Attachment 2")

ACCEPTED:



Servicio Evangélico Peruano de Acción Social

BY: Saul Calle Sierra

Title: Acting Executive Director

Date: May 27, 1982

Program Description

I. Purpose of the Grant

The purpose of this Operational Program Grant (henceforth, "the Grant") is to assist the Servicio Evangélico Peruano de Acción Social (SEPAS), the Peruvian counterpart of Church World Service, to expand its Food for Work activities in the rural areas of eight sierra departments, in conjunction with reforestation activities, which will assist in the elimination of erosion, increase the production of firewood and timber and provide temporary employment and food support to the rural sierra poor.

II. Specific Objectives

The specific objective of this grant is to assist SEPAS in its work with the Instituto Nacional Forestal y de Fauna (INFOR) of the Ministry of Agriculture, and the Oficina Nacional de Apoyo Alimentario (ONAA) to continue and refine reforestation, community development and nutritional education activities in conjunction with PL 480 Title II Food for Work (FFW) activities in the Department of Cajamarca, Ancash, Junín, Huanca-velica, Ayacucho, Apurímac, Cuzco and Puno. The FFW activities will provide temporary employment to approximately 12,500 landless and near landless workers; approximately 2,400 metric tons of PL 480 Title II commodities annually, with a current value of \$1.2 million, will be used as an incentive for their respective labor and will provide temporary dietary supplements to approximately 243,000 beneficiaries. The project participants will be provided with health, sanitation and nutrition education in the use of PL 480 Title II foods as well as locally-produced foodstuffs.

Based on the experience gained during the past three years of the previous OPG financed project (AID 527-0206), regular internal evaluations, a project evaluation performed by AID at the close of the planting season in 1980, and the preliminary results of FY 1982 AID evaluation, SEPAS will plant 41 million tree seedlings on approximately 32,000 hectares, planting native species of trees, *Pinus Radiata* and *Eucalyptus Globulus*.

OPG funds will be used by SEPAS to defray local costs of administration, training and promotion, supervision of food commodity distribution, ongoing project evaluation and technical assistance in accordance with the summary budget presented in "D. Financial Plan" of this Agreement.

In addition, OPG funds will be channelled through SEPAS to INFOR and ONAA to finance costs specified in the budget and related to reforestation activities, including materials and equipment, seeds, transportation costs of seedlings and PL 480 Title II commodities from the regional warehouses to the beneficiaries, and per diem and transportation costs incurred by the ONAA nutritionists participating in the project.

III. Project Implementation and Responsibilities of the Grantee and

Participating Entities

This project will be implemented by SEPAS in coordination with INFOR and ONAA, for an approximate three year period, beginning with the date of acceptance of this Grant. At this time, SEPAS will assume responsibility for overall project implementation and will assume complete responsibility for the utilization of Grant funds. The coordinating committee, composed of a representative from SEPAS, ONAA, and INFOR, will be responsible for the coordination of all technical aspects of project implementation.

A. SEPAS will:

1. Provide general coordination of project activities at the national and local level.

2. Provide supervision and monitoring or initial entry, transportation and distribution of PL 480 Title II commodities. To fulfill this responsibility the following activities are required:

a. Maintain separate records and appropriate documentation required by AID with respect to PL 480 Title II commodities, including inventory control from time of port entry to ultimate distribution, commodity and recipient status reports, reports on inland losses and other reports as AID may require;

b. Assure that adequate warehousing and warehouse surveillance has been provided for PL 480 Title II commodities;

c. Maintain a record of all end-use inspection and reports related to project supervision, and inform AID whenever any irregularities are uncovered;

d. Perform all necessary rebagging of foods on a timely basis to assure safe handling and reduced losses.

3. Expand and refine its ongoing activities in community development to improve its response to community needs in the fields of health and sanitation, agricultural production and marketing, and education.

4. Assist Regional INFOR technicians in the selection of participating communities and in the training of the campesino laborers who will be doing the actual tree planting.

5. Coordinate and assist the ONAA Regional nutritionists in their respective programs of nutritional education.

6. Maintain, on a contract basis, sufficient staff to implement project activities. Copies of contracts for any additional or new staff members who will be involved in the implementation of the project will be submitted to AID for approval.

Subsequent to the signing of this OPG, SEPAS will enter into contractual agreements with both INFOR and ONAA. These agreements will include statements of responsibilities as detailed below, and assurance of timely provision of counterpart contribution as contained in the attached budget. The signing of these agreements will be a Condition Precedent to the disbursement of grant funds as described in Section F below.

B. The Instituto Nacional Forestal y de Fauna:

1. Will coordinate on a national and regional level with representatives of both SEPAS and ONAA.
2. Will be responsible for the technical aspects of the reforestation activities.
3. Will provide technical training to the campesinos participating in the project, in the preparation and nurturing of seedlings, forest management and protection, and overall land use practices.
4. Assign necessary forestry personnel to adequately handle all technical aspects for the project.
5. Furnish sufficient and well maintained transport, on a timely basis, for the transportation of project materials and supplies.
6. Transport PL 480 Title II commodities from ONAA or INFOR departmental warehouses to local community distribution sites.
7. Provide warehousing for Title II food commodities in the departmental capitals of Junin, Huancavelica, Ayacucho and Apurimac.

C. The Oficina Nacional de Apoyo Alimentario (ONAA):

1. Will be in charge of PL 480 Title II commodities, from the port of entry to the main warehouses located in each department where the project is operating. In the Departments of Cajamarca, Ancash, Cuzco and Puno the warehouses maintained by ONAA will be utilized.
2. Provide at least one nutritionist in each department who will devote full time to project related activities in nutrition education.

IV. Evaluation

SEPAS will conduct jointly with USAID, the INFOR and ONAA intensive reviews of project progress during the life of the project as requested by A.I.D.

Included in the evaluation will be the following items:

- A. Identification and discussion of the most important changes in the project setting and the continuing validity of project assumptions.

B. Measurement of achievement toward reaching project outputs and purpose; if they have not been reached, an explanation of the causal factors.

C. Identification and analysis of delays and other problems affecting project implementation with suggestions for corrective action.

D. Identification of factors, which, if changed with the consent of all participating parties, would lead to the improvement of the ongoing project.

V. Reporting

SEPAS hereby agrees to provide USAID/Food for Development Office with copies of the following reports and any others normally required by voluntary agencies for the distribution of PL 480 Title II commodities:

A. Quarterly reports of food supervisor's field inspections.

B. Quarterly reports on the implementation of project activities in reforestation and nutrition education and in related community development.

C. Quarterly financial reports stating amounts of funds received, spent, and liquidated in accordance with the main items in the budget.

VI. Covenants

SEPAS covenants:

A. To coordinate its activities with all relevant agencies of the Government of Peru and international organizations engaged in reforestation activities;

B. To insure appropriate and agreed upon disposition of PL 480 Title II food commodities used in the project in accordance with regulations contained in A.I.D. Handbook 9; and

C. Prior to contracting any additional personnel, SEPAS will inform A.I.D. of the services required and the name, qualifications, and proposed salary, and obtain A.I.D. prior written approval of that individual.

VII. Conditions Precedent

A. Prior to the initial disbursement of funds or the issuance of any commitment document under this grant, SEPAS shall furnish A.I.D. the following in form and substance satisfactory to A.I.D.:

1.A Agreements between SEPAS and the Instituto Nacional Forestal y de Fauna (INFOR) and the Oficina Nacional de Apoyo Alimentario (ONAA), delineating responsibilities in the implemen-

tation of project activities and assuring the timely provision of counterpart resources; and

- 2.B A detailed description of SEPAS personnel policies regarding recruitment, salary ranges for each position, promotions, fringe benefits, leave policy, working hours, holidays and any other benefits that may be financed with grant funds

B. Prior to disbursement of funds or to the issuance of any commitment document under this grant to finance technical assistance activities, SEPAS shall furnish A.I.D., in form and substance satisfactory to A.I.D., a detailed scope of work for the Forestry Advisor financed under this grant. If this condition is not met within forty five (45) days from the date of this Agreement, or such other date as A.I.D. may agree to in writing, then A.I.D. may elect to terminate this agreement in accordance with the Standard Provisions.

VIII. Project Budget and Release of Funds

Release of Grant funds under this Agreement shall be in accordance with Article 9A of Attachment 2, Standard Provisions. Shifts of more than 10% among AID-financed budget line items cannot be made without prior written authorization of A.I.D.

SCHEDULE

A. Purpose of the Grant

The purpose of this grant is to provide support for Project No. 527-0231 Servicio Evangélico Peruano de Acción Social (SEPAS) Reforestation Food for Work Program, as more specifically described in Attachment 1 to this Grant, entitled "Program Description."

B. Period of Grant

1. The effective date of this Grant is May 1982, and the expiration date is May 1985.

2. Funds obligated hereunder are available for expenditures for an estimated one year period from the effective date of the Grant as shown below in Section "D-Financial Plan."

C. Amount of Grant and Payment

1. The total estimated amount of this Grant for the period shown in B.1 is US\$750,000.

2. USAID hereby obligates the amount of \$300,000 for program expenditures during the period set forth in B.2 above and as shown in Section "D-Financial Plan."

3. Payment shall be made to the Grantee in accordance with procedures set forth in Section 9A entitled "Payment of Periodic Advances" of Attachment 2, Standard Provisions.

4. Additional funds up to the amount of the grant shown in C.1 above may be obligated by USAID subject to: (1) the availability of funds and of PL 480 Title II foods to A.I.D. for this purpose; (2) the mutual agreement of A.I.D. and SEPAS to proceed with the project; and, (3) the requirements of the Standard Provision of the Grant entitled "Revision of Financial Plans."

D. Financial Plan

The following is the Financial Plan for this Grant, including local cost financing items. Revisions to this Plan shall be made in accordance with the Standard Provision of this Grant entitled "Revision of Financial Plans."

ILLUSTRATIVE PROJECT BUDGET

	Amount Obligated From 6/1/82 to 6/30/83 <u>Local Currency U.S. Costs</u>		Estimated "Additional" From 7/1/83 to 7/31/85 <u>Local Currency U.S. Costs</u>		Total Estimated From 6/1/82 to 7/31/85 <u>Local Currency U.S. Costs</u>	
<u>SEPAS</u>						
a. Salaries and Personnel expenses	75,000		180,000		255,000	
b. Promotion and Supervision	5,600		13,000		18,600	
c. Training of Personnel	2,000		5,300		7,300	
d. Project Evaluation	3,000		7,500		10,500	
e. Office material & equipment	5,800		14,100		19,900	
f. Communications	1,800		4,500		6,300	
g. Technical Assistance		\$25,000		-----		\$25,000
h. Contingency (7%)	18,400		12,600		31,000	
<u>INFOR</u>						
a. Tools and Equipment	99,200		80,000		179,400	
b. Seeds		9,200		10,000		19,200
c. Fuel and Vehicle maintenance	40,000		93,000		133,000	
<u>ONAA</u>						
a. Per diem for Nutritionists	10,600		21,200		31,800	
b. Per diem and travel for National Coordinator	4,400		8,800		13,200	
TOTAL USAID OPG CONTRIBUTION	\$265,800	\$34,700	\$440,000	\$10,000	\$705,800	\$44,200

ESTIMATED GOP COUNTERPART CONTRIBUTION FOR FIRST YR. OF OPERATIONS

INFOR

Infrastructure Costs	\$ 289,000
Salaries	237,000
Project supplies and materials (Office equip., gasoline, vehicle parts, etc.)	26,000
Per diem, personnel transport, vehicle maintenance costs, insurance, etc.	30,000
	<hr/>
TOTAL	<u>\$ 582,000</u>

ONAA

Customs Costs	8,200
Warehousing Costs	7,400
Transport Costs	155,000
Insurance for Transport	13,000
Training Costs (trainer's salaries)	100,400
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TOTAL	<u>\$ 284,000</u>

Source: SEPAS project proposal. Converted here at
S/. 650 per U.S. dollar

E. Reporting and Evaluations

As more fully described in Attachment 1, entitled "Program Description," in sections IV. Evaluations, V. Reporting, VI. Covenants, VII. Conditions Precedent, and VIII. Required Accounting Records, SEPAS agrees to provide to the Food for Development Office all required documentation relating to "Financial Reporting Requirements" and "Monitoring and Reporting Program Performance."

F. Special Provisions

1. The authorized geographic code for procurement of goods and services under this Grant is A.I.D. Geographic Code 000. Local currency financing is also authorized. A waiver of source and origin procurement regulations has been granted for the purchase of US\$19,200 of Pinus Radiata Seeds from Chile.

2. The Standard Provisions in Attachment 3 for Non-U.S. Grantees /(A.I.D. Form 1420-54(2-82)/are modified as follows: delete provisions 8A, 8B, 9B, 12A, 15B, and 15C.

3. To assist in the implementation of the project, A.I.D., from time to time, will issue Project Implementation Letters furnishing additional information or requirements about matters stated in this agreement.