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UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

~~ORIGINAL~~

JUN 0 8 1983

Mr. Thomas A. Quirk  
Assistant Administrator for  
Finance and Contracts  
International Programs Division  
NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION  
1800 Massachusetts Avenue, N.W.  
Washington, D. C. 20036

Subject: Grant No.  
PDC-0222-G-SS-3110-00

Dear Mr. Quirk:

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 National Rural Electric Cooperative Association (hereby referred to as "NRECA" or "Grantee"), the sum of \$650,000 to provide support to the central planning and management functions of NRECA's International Programs Division (IPD), as described in the Schedule of this grant, the Attachment 2, entitled "Program Description", and the Grantee's proposal dated January 6, 1983 and as revised April 13, 1983.

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 the period beginning April 01, 1983 and ending March 31, 1984.

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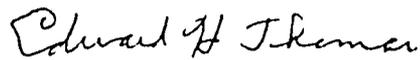
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This grant is made to NRECA on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1, the Schedule, Attachment 2, entitled "Program Description", and Attachment 3 entitled "Standard Provisions".

Please sign the original and eight (8) copies of this letter to acknowledge your receipt of the grant, and return the original and seven (7) copies, including all those stamped "Funds Available", to the Office of Contract Management.

Sincerely yours,



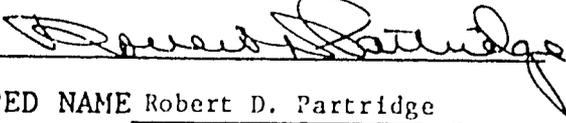
Edward H. Thomas  
Grant Officer

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions

ACKNOWLEDGED:

NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION

BY 

TYPED NAME Robert D. Partridge

TITLE Executive Vice President

DATE June 15, 1983

Fiscal Data

Appropriation: 72-1131021.3

Budget Plan Code: EDAA83 13810 AG11  
(343-38-099-00-76-31)

PIO/T No.: 3834019

Project No.: 938-0222

Total Estimated Amount: \$2,040,000

Total Obligated Amount: \$650,000

IRS Employer Identification Number: 53-0116145

Funding Source: AID/W

*010 4190*  
FUNDS AVAILABLE

*JUN 15 1983*  
*[Signature]*  
OFFICE OF FINANCIAL MANAGEMENT

SCHEDULE

A. Purpose of Grant

The purpose of this grant is to provide support to the central planning and management functions of NRECA's International Programs Division (IPD). It will permit NRECA to assist in the planning and development of viable electric systems in LDCs; and to undertake field exploration, analysis and design work for new project activities in response to LDC cooperatives.

B. Period of Grant

1. The effective date of this Grant is April 01, 1983. The expiration date of this Grant is March 31, 1986.

2. Funds obligated hereunder are available for program expenditures for the estimated period April 01, 1983 to March 31, 1984 as shown in the Financial Plan below.

C. Amount of Grant and Payment

1. The total estimated amount of this Grant for the period shown in B.1. above is \$2,040,000.

2. AID hereby obligates the amount of \$650,000 for the program expenditures during the period set forth in B.2. above and as shown in the Financial Plan below.

3. Payment shall be made to the Grantee in accordance with procedures set forth in Attachment 3 Standard Provision 7A, entitled "Payment - Federal Reserve Letter of Credit (FRLC) Advance".

D. Financial Plan

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

<u>Cost Element</u>	<u>FR:4/1/83 TO:3/31/84</u>	<u>FR:4/1/84 TO:3/31/85</u>	<u>FR:4/1/85 TO:3/31/86</u>	<u>Total</u>
Salaries	\$276,163	\$279,070	\$295,350	\$ 850,583
Consultants	15,000	15,000	12,000	42,000
Fringe Benefits	82,849	83,720	88,605	255,174
Travel & Per Diem	40,000	60,000	60,000	160,000
Other Direct Costs	120,000	125,000	130,000	375,000
Overhead	<u>115,988</u>	<u>117,210</u>	<u>124,045</u>	<u>357,243</u>
Total	\$650,000	\$680,000	\$710,000	\$2,040,000

The Grantee may not exceed the total obligated amount of \$650,000. The Grantee is allowed flexibility among the line items.

E. Reporting and Evaluation

NRECA will be required to submit semi-annual reports on activities funded under the grant, using a format agreed upon between NRECA and A.I.D.'s Office of Private and Voluntary Cooperation ("PVC"). In addition to the evaluation activities mentioned by NRECA in its nine program requirement plans, other activities will be implemented. In the first year of the grant, NRECA will provide a detailed written description of how they are

adopting their own project evaluation system in order that it includes the important elements (logical structure, evaluation procedures, and categories of study questions, indicators, and data sources) of the evaluation system prepared by Development Associates. Further, between the 12-18th month of the life of the grant, A.I.D. will conduct a systematic examination of NRECA's grant activities. This will be done through study and evaluation.

F. Special Provision

1. Delete the following Standard Provisions because they are not applicable:

a. Standard Provision No. 5A, entitled "Negotiated Overhead Rates - Predetermined"

b. Standard Provision No. 7B, entitled "Payment - Periodic Advance"

c. Standard Provision No. 7C, entitled "Payment - Reimbursement"

d. Standard Provision No. 10B, entitled "Procurement of Goods and Services Over \$250,000"

e. Standard Provision No. 13B, entitled "Title to and Care of Property (U.S. Government Title)"

f. Standard Provision No. 13C, entitled "Title to and Care of Property (Cooperating Country Title)"

2. Change the title of Standard Provision No. 15 to "Termination and Suspension" and insert new paragraph "(d)" as shown in the Alterations in Grant dated July 1982 attached to the Standard Provisions and incorporated herein.

G. Overhead Rate

Pursuant to Standard Provision No. 5B, entitled "Negotiated Overhead Rates - Nonprofit Organizations Other Than Educational Institutions", and pending establishment of a final rate, the following rate has been established:

A provisional overhead rate of 42% shall be applied to total direct salaries and wages for the period beginning April 01, 1983 until amended. The bases for such overhead rate are set forth below:

- (a) Overhead rate of 10% based on total direct salaries and wages of domestic and foreign contracts.
- (b) G&A rate of 32% based on total direct salaries and wages of all operations and activities."

I. Title to Property

Title to all property acquired under this grant shall vest in the Grantee.

## PROGRAM DESCRIPTION

Specifically, NRECA proposes to concentrate its attention and resources on the following issues during the three years of the grant:

- A. Special effort will be made to develop and promote the implementation of plans and programs aimed at ensuring the productive use of electrical and other energy produced in rural areas of developing countries. This effort will include the organization and conduct of additional "Productive Uses" workshops overseas.
- B. Work will be accelerated on the identification and development of small hydropower and other alternative energy sources. In connection with this effort, electric cooperatives will be encouraged to expand and develop into broad "energy cooperatives". Such organizational forms will deliver more efficient and cost effective services than the traditional oil based generation and distribution systems.
- C. Particular attention will then be given to "second generation" management and technical problems that are being faced by already established cooperatives and other systems. NRECA outlined the following nine plans for carrying out its program requirements:

1. Productive Uses of Energy: NRECA's goal will be to establish comprehensive productive uses programs in two cooperatives during the first year of the grant term and two more the second year. The focus will be on such specific productive end-uses as increased agricultural production, the development of cottage and rural industries and the promotion of other rurally-oriented income and employment generating activities.
2. Energy Supply Systems: NRECA will identify and develop as many efficient energy supply systems for rural consumption as possible thus reducing dependence upon imported oil. Potential systems include a dendro-thermal program, a wood chip burning generator, and development of small hydroelectric plants.
3. Management and Technical Services: More than 200 A.I.D.-sponsored and NRECA-assisted rural electric cooperative systems have been planned, organized and put into operation in 15 developing countries. All of these have been through the initial phases of program development which include country surveys, feasibility

studies, cooperative organization, project implementation and energization. NRECA explains that "an essential key to the success of rural electric cooperative systems in the United States and in developing countries has been the post-organization management and technical follow-up phase. Therefore, NRECA will continue to assist with post organization management and technical follow-up to operational rural electric systems.

4. Cooperative-to-Cooperative Program: In keeping with its emphasis on the cooperative-to-cooperative approach to development, NRECA's fourth plan proposes to enter into a cost-sharing agreement with A.I.D. to develop cooperative-to-cooperative program activity in the United States and in developing countries through exchange of personnel, materials and equipment contributions, and the creation of federations or associations of rural cooperatives. Under NRECA stimulus, four U.S. cooperatives have already indicated a substantial interest in developing a substantive relationship with overseas cooperatives. NRECA has set a goal of four new cooperative-to-cooperative ventures each year. (These ventures will not be funded from the core grant).

5. Training: NRECA will continue to emphasize training as a means of providing the skilled manpower needed in management and in diverse technical areas for the successful establishment and operation of rural electric energy systems. The Administrator for the International Programs Division of NRECA will spend approximately one-quarter of his time on training activities. He will attempt to initiate NRECA's new program of training assistance in countries where rural electric energy has already been given a prominent role in the development process, e.g., Bangladesh, Indonesia, etc. NRECA plans to continue the USDA/AID/NRECA course in the "Operations and Management of Rural Utility Systems," and the NRECA/UMR (University of Missouri at Rolla) courses on "Management Concepts Applied to Utility Operations and System Planning for Electrical Distribution".
6. Evaluation: Over the past three years NRECA has developed, with grant assistance, evaluation methodologies to apply in the future to the areas of operations viability and social and economic impact. These methodologies have been completed and have undergone field testing. NRECA now plans to further

refine these evaluation methodologies, and to interest a wider use of them in developing countries. Cooperatives in the Philippines, Central America, Brazil, Argentina, and Chile have already indicated interest in using these methodologies.

7. Development Studies: NRECA is presently performing studies to identify the conditions which have preceded the development of rural electrification programs and the conditions which have contributed to the success or failure of rural electrification programs undertaken in developing countries. From these studies NRECA will establish models indicating the various stages of development at which developing countries can or will attempt to initiate rural electrification plans or programs. In formulating models for potential programs, NRECA hopes to outline the advantages and disadvantages of various methods of problems and advantages involved in any major rural electrification program.
8. Rural Electrification Project Development: Currently there are major rural electrification programs financed by A.I.D. in Bangladesh and Indonesia, and a major program is planned for Pakistan. NRECA feels that as Indonesia, being the large country that it is, moves beyond the demonstration effort now underway to a

larger national electrification effort, continued cooperation with A.I.D. and NRECA will be desired by this country. There are current expressions of interest in NRECA assistance from Peru, Haiti, and the Dominican Republic. As for Africa and the Near East, NRECA believes a series of familiarization visits, regional conferences, training programs, and pilot projects would be appropriate. This was the approach used when activities were formerly launched in Latin America and in Asia.

9. Development Education: Over the years NRECA's practice has been to keep its member systems well informed about activities of the International Programs Division of NRECA. This is done in order to insure member systems' continuing support for NRECA's overseas activities in principle, and to help meet manpower needs to carry out overseas projects. NRECA has now broadened its efforts to include more general information about the overall U.S. foreign assistance program and its meaning to the United States. During the proposed grant period, NRECA hopes to develop information programs that will reach consumer-members as well as the staffs of NRECA's member systems. (One of NRECA's IPD staff members will devote a portion of his time to this activity. No other core grant funding will be applied).