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THAT IS NOT PURSUANT TO A HANDBOOK 3  
PROJECT AGREEMENT

PD-AAZ-0911  
5A 60565



AGENCY FOR INTERNATIONAL DEVELOPMENT

UNITED STATES AID MISSION TO PERU

C/O AMERICAN EMBASSY

LIMA, 1 PERU

TELEPHONE 333200

CABLE: USAID/LIMA

September 30, 1988

Mr. Dwight Taylor  
Director  
Adventist Development and Relief Agency (ADRA/OFASA)  
Avenida Angamos 770  
Miraflores (Lima 18), Peru

Subject: ADRA/OFASA OPG: Nutrition and Food-for-Work  
Project No. 527-0328  
Grant No. 527-0328-G-00-8403-00

Dear Mr. Taylor:

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 Adventist Development and Relief Agency (hereinafter referred to as "ADRA/OFASA" or "Grantee") the sum of Three Hundred Forty-seven Thousand, Nine Hundred and Seventy-six U.S. Dollars (\$347,976) to support the Nutrition and Food-for-Work Project, as described in the "Schedule" of this Grant (Attachment 1) and in the "Program Description" (Attachment 2).

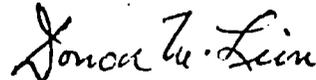
Subject to the availability of funds for this purpose, and to the mutual agreement of the parties to proceed, A.I.D. will provide additional support of not to exceed Nine Hundred Two Thousand and Twenty-four U.S. Dollars (\$902,024) during the life of the project.

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 with the effective date and ending March 31, 1990.

This Grant is made to ADRA/OFASA on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1 ("Schedule"), Attachment 2 ("Program Description"), Attachment 3 ("Mandatory Standard Provisions for U.S. Nongovernmental Grantees"), and Attachment 4 ("Optional Standard Provisions for U.S. Nongovernmental Grantees"), and within the general context of the OPG proposal submitted by ADRA/OFASA, all of which ADRA/OFASA agrees to by virtue of your signature below.

Please sign all six (6) copies of this letter to acknowledge your receipt of the Grant and your concurrence with its terms and conditions, returning five (5) to A.I.D.

Sincerely,



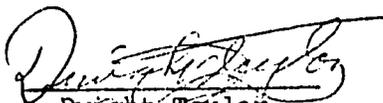
Donor M. Lion  
Mission Director

Attachments:

- 1. Schedule
- 2. Program Description
- 3. Mandatory Standard Provisions for U.S. Nongovernmental Grantees
- 4. Optional Standard Provisions for U.S. Nongovernmental Grantees
- 5. ADRA/OFASA OPG Proposal

ACKNOWLEDGEMENT:

Adventist Agency for Development and Assistance Resources (ADRA/OFASA)



Dwight Taylor  
Director

Date: September 30, 1988

Appropriation:

Budget Plan Codes:

Project No.:

Total Estimated Amount:

This Obligation:

Funding Source:

72-1181021

LDNA-88-25527-KG13 (\$110,000)

LDNA-88-25527-JG13 (\$68,392)

LDCA-88-25527-KG13 (\$101,608)

LDHA-88-25527-JG13 (\$67,976)

527-0328

\$1,250,000 (ARDN, Health, CS)

\$347,976 (ARDN, Health, CS)

USAID/Peru

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SCHEDULE

I. Purpose of the Grant.

The purpose of this Operational Program Grant is to provide support to ADRA/OFASA to consolidate its development program, expand selectively into high priority and highly feasible program areas, and continue to implement nutrition and food-for-work activities through maternal/child health and nutrition services in areas of significant malnutrition, agricultural inputs and technical assistance to small farmers experiencing below average yields, needed food-for-work community infrastructure efforts, and credit and technical assistance for the establishment of group-operated micro-enterprises. The Project is described more fully in Attachment 2 to this Grant, entitled "Program Description".

II. Period of the Grant.

A. The effective date of this Grant is the date of the Letter of Agreement. The expiration date of this Grant is December 31, 1992.

B. Funds obligated hereunder are available for program expenditures for the estimated period September 30, 1988 through March 31, 1990, as shown in the Financial Plan below, unless A.I.D. otherwise agrees in writing.

III. Amount of the Grant and Payment.

A. The total estimated amount of this Grant for the period shown in II. A., above, is \$1,250,000.

B. A.I.D. hereby obligates the amount of \$347,976 for program expenditures during the period set forth in II. B., above, and as shown in the Financial Plan, below.

C. Payment shall be made to the Grantee in accordance with procedures set forth in Optional Standard Provision Nos. 2 and 3, entitled "Payment - Periodic Advance" and "Payment - Cost Reimbursement", of Attachment 4 to this Grant. The Grantee must submit to A.I.D. a "Request for Advance or Reimbursement", Form SF-270, for each requested payment, which in the case of an advance must be received by A.I.D. on or before the tenth day of the month preceding the month for which the advance is being requested.

D. Additional funds up to the total amount of the grant shown in II. A., above, may be obligated by A.I.D. subject to the availability of funds and to the requirements of Mandatory Standard Provision No. 4, entitled "Revision of Grant Budget", of Attachment 3.

IV. Financial Plan.

Table I of this Schedule comprises the A.I.D. Grant Budget, indicating cost elements, foreign exchange and local currency costs as authorized, current obligations, estimated additional obligations, and total obligations expected over the life of the project. Aggregate shifts among A.I.D.-financed line items in the Grant Budget in excess of 20% shall require the written approval of A.I.D. All financial reporting shall be made against the Grant Budget, revisions to which shall be made in accordance with Mandatory Standard Provision No. 4, entitled "Revision of Grant Budget", of Attachment 3 to this Grant. Table II presents the projected expenditures of the total project detailed by all funding sources, cost element, and project years; it also indicates the contributions needed from ADRA/OFASA, PL 480 Title I counterpart (GOP-owned), PL 480 Title II monetizations, and AID/W-financed Strengthening Grant. Additionally, Table II shows U.S. food resources projected for the ADRA/OFASA Nutrition and Food-for-Work Program.

V. Required Documentation.

The Grantee agrees to provide to A.I.D. all required documentation as described in the following sections of Attachment 2, "Program Description", as follows:

- A. in care of the Office of the Controller, USAID/Peru:
  - Section V - "Financial Management", and
- B. in care of the Food for Development Division, Office of Human Resources, USAID/Peru:
  - Section VI - "Reporting and Evaluation", and
  - Section VIII - "Conditions and Covenants".

VI. Standard Provisions.

- A. All Mandatory Standard Provisions for U.S. Nongovernmental Grantees (numbered 1 through 12), Attachment 3 to this Grant, apply to this Grant.
- B. The following Optional Standard Provisions for U.S. Nongovernmental Grantees, Attachment 4 to this Grant, apply to this Grant: Nos. 2, 3, 4, 5, 6, 7, 9, 20, and 23.

VII. Title to Property.

Title to any property purchased under this Grant will be vested in the Grantee, in accordance with Optional Standard Provision No. 20 of Attachment 4 to this Grant.

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VIII. Overhead Rate.

It is agreed between the Grantor and the Grantee that no overhead costs associated with U.S. office support activities will be charged to this Grant.

IX. Conditions and Covenants.

Authorized source and origin of commodities and nationality of services, conditions concerning the procurement of computer hardware and software, and other conditions and covenants to the Grant are presented in Section VIII of Attachment 2 to this Grant and are agreed to by the Grantee and Grantor as therein stated.

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TABLE I.  
A.I.D. GRANT BUDGET, BY COST ELEMENT,  
BY FOREIGN EXCHANGE AND LOCAL CURRENCY COSTS, AND BY OBLIGATION  
(in Thousands of U.S. Dollars)

| <u>Cost Element</u>             | <u>Obligated Amount</u><br>(From 9/30/88<br>To 3/31/90) |           | <u>Estimated Additional</u><br>(From 4/1/90<br>To 12/31/92*) |           | <u>Total Estimated</u><br>(From 9/30/88<br>To 12/31/92) |           |
|---------------------------------|---|-----------|--|-----------|---|-----------|
|                                 | <u>\$US</u>   | <u>LC</u> | <u>\$US</u>  | <u>LC</u> | <u>\$US</u>   | <u>LC</u> |
|                                 | Salaries  | -         | 110.0  | -         | 341.0   | -         |
| Travel                          | -   | 34.5      | -  | 105.5     | -   | 140.0     |
| Administrative Expenses         | -   | 55.0      | -  | 158.0     | -   | 213.0     |
| Program Materials and Expenses  | -   | 35.1      | -  | 104.9     | -   | 140.0     |
| Food Handling                   | -   | 56.3      | -  | 168.7     | -   | 225.0     |
| Computers and Accessories       | 19.0  | -         | -  | -         | 19.0  | -         |
| Vehicles                        | 22.0  | -         | -  | -         | 22.0  | -         |
| Evaluation and Financial Review | -   | 16.0      | -  | 24.0      | -   | 40.0      |
| Sub-Total                       | 41.0  | 306.9     | -  | 902.1     | 41.0  | 1209.0    |
| T O T A L                       |   | 347.9     |  | 902.1     |   | 1250.0    |

\* Note that these dates represent expenditure periods and not necessarily dates of projected obligation.

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TABLE II.  
PROJECTED EXPENDITURES, BY SOURCE,  
COST ELEMENT, AND PROJECT YEAR <sup>a/</sup>  
(in Thousands of U.S. Dollars)

| <u>Source / Cost Element</u>                     | <u>Year 1</u> | <u>Year 2</u> | <u>Year 3</u> | <u>Year 4</u> | <u>TOTAL</u>  |
|--|---------------|---------------|---------------|---------------|---------------|
| <b>A. A.I.D. OPG</b>                             |               |               |               |               |               |
| Salaries   | 96.0          | 110.0         | 120.0         | 125.0         | 451.0         |
| Travel   | 30.0          | 35.0          | 35.0          | 40.0          | 140.0         |
| Administrative Expenses                          | 48.0          | 50.0          | 55.0          | 60.0          | 213.0         |
| Program Materials and Expenses                   | 31.0          | 33.0          | 36.0          | 40.0          | 140.0         |
| Food Handling                                    | 49.0          | 55.0          | 56.0          | 65.0          | 225.0         |
| Computers and Accessories                        | 19.0          | -             | -             | -             | 19.0          |
| Vehicles   | 22.0          | -             | -             | -             | 22.0          |
| Evaluation and Financial Review                  | 4.0           | 12.0          | 12.0          | 12.0          | 40.0          |
| T O T A L, A.I.D. OPG                            | <u>299.0</u>  | <u>295.0</u>  | <u>314.0</u>  | <u>342.0</u>  | <u>1250.0</u> |
| <b>B. ADRA/OFASA</b>                             |               |               |               |               |               |
| Administrative Expenses                          | 7.0           | 8.0           | 10.0          | 11.0          | 36.0          |
| Program Materials and Expenses                   | 10.0          | 12.0          | 13.0          | 13.0          | 48.0          |
| Food Handling                                    | 10.0          | 12.0          | 15.0          | 16.0          | 53.0          |
| T O T A L, ADRA/OFASA                            | <u>27.0</u>   | <u>32.0</u>   | <u>38.0</u>   | <u>40.0</u>   | <u>137.0</u>  |
| <b>C. PL 480, Title I Counterpart (GOP)</b>      |               |               |               |               |               |
| Salaries   | 76.0          | 111.0         | 120.0         | 129.0         | 436.0         |
| Travel   | 19.0          | 28.0          | 32.0          | 35.0          | 114.0         |
| Administrative Expenses                          | 85.0          | 55.0          | 58.0          | 60.0          | 258.0         |
| Food Handling                                    | 17.0          | 15.0          | 10.0          | 6.0           | 48.0          |
| T O T A L, Title I Counterpart                   | <u>197.0</u>  | <u>209.0</u>  | <u>220.0</u>  | <u>230.0</u>  | <u>856.0</u>  |
| <b>D. PL 480, Title II Monetization (A.I.D.)</b> |               |               |               |               |               |
| Administrative Expenses                          | -             | 37.0          | 40.0          | 43.0          | 120.0         |
| Program Materials and Expenses                   | 10.0          | 12.0          | 13.0          | 12.0          | 47.0          |
| Food Handling                                    | 50.0          | 58.0          | 67.0          | 75.0          | 250.0         |
| T O T A L, Title II Monetization                 | <u>60.0</u>   | <u>107.0</u>  | <u>120.0</u>  | <u>130.0</u>  | <u>417.0</u>  |

<sup>a/</sup> For the purposes of this budget, Year 1 is 9/30/88 - 9/30/89, Year 2 is 10/1/89 - 9/30/90, Year 3 is 10/1/90 - 9/30/91, and Year 4 is 10/1/91 - 12/31/92.

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TABLE II (continued).  
PROJECTED EXPENDITURES, BY SOURCE,  
COST ELEMENT, AND PROJECT YEAR <sup>a/</sup>  
(in Thousands of U.S. Dollars)

| <u>Source / Cost Element</u>                 | <u>Year 1</u> | <u>Year 2</u> | <u>Year 3</u> | <u>Year 4</u> | <u>TOTAL</u> |
|--|---------------|---------------|---------------|---------------|--------------|
| E. Strengthening Grant (A.I.D.)              |               |               |               |               |              |
| Administrative Expenses                      | 115.0         | 65.0          | 76.0          | 84.0          | 340.0        |
| Program Materials and Expenses               | 15.0          | 35.0          | 44.0          | 54.0          | 148.0        |
| Food Handling                                | -             | 20.0          | 10.0          | 2.0           | 32.0         |
| T O T A L, Strengthening Grant               | <u>130.0</u>  | <u>120.0</u>  | <u>130.0</u>  | <u>140.0</u>  | <u>520.0</u> |
| <br>   |               |               |               |               |              |
| G R A N D T O T A L -                        |               |               |               |               |              |
| All Monetary Inputs                          | 713.0         | 763.0         | 822.0         | 882.0         | 3180.0       |
|  | =====         | =====         | =====         | =====         | =====        |
| <br>   |               |               |               |               |              |
| FOOD INPUTS                                  |               |               |               |               |              |
| Food Commodities (in Metric Tons)            | 11,737        | 11,737        | 11,737        | 11,737        | 11,737       |
| FOB Value of Food Commodities<br>(in \$ 000) | 3,257         | 2,993         | 2,993         | 2,993         | 12,236       |
| Ocean Freight Cost<br>(in \$ 000)            | <u>1,303</u>  | <u>1,197</u>  | <u>1,197</u>  | <u>1,197</u>  | <u>4,894</u> |
| T O T A L, Food Commodity Costs              | 4,560         | 4,190         | 4,190         | 4,190         | 17,130       |

<sup>a/</sup> For the purposes of this budget, Year 1 is 9/30/88 - 9/30/89, Year 2 is 10/1/89 - 9/30/90, Year 3 is 10/1/90 - 9/30/91, and Year 4 is 10/1/91 - 12/31/92.

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PROGRAM DESCRIPTION

I. Purpose and Goal of the Grant.

The purpose of this Operational Program Grant (hereinafter referred to as the "OPG" or the "Grant") is to assist ADRA/OFASA in consolidating its development program, expanding selectively into high priority and highly feasible program areas, and continuing to implement nutrition and food-for-work activities through maternal/child health and nutrition services in areas of significant malnutrition, agricultural inputs and technical assistance to small farmers experiencing below average yields, needed food-for-work community infrastructure efforts, and credit and technical assistance for the establishment of group-operated micro-enterprises. The project will be implemented in peri-urban and rural areas throughout Peru, with concentration in the sierra. The project has two foci: health/nutrition and income development, each impacting the same geographic areas, but affecting separate target groups (although with overlapping expected within families). The project supports ADRA/OFASA's goal of increasing incomes and improving the health status of poor, marginalized inhabitants of Peru's impoverished peri-urban and rural areas.

II. Specific Objectives

The OPG has four interrelated components, as described below. The last three are food-for-work activities.

- (A) To carry out a series of health and nutrition interventions among pregnant and lactating women and among children (principally under 6 years of age), in order to reduce malnutrition, improve health, and enhance child survival.
- (B) To provide agricultural credit, inputs, and tools to farmers with below average yields, in order to increase incomes and food availability.
- (C) To increase family incomes through the establishment of group-operated micro-enterprises.
- (D) To fund selected infrastructure, especially that which supports agricultural and other productive activities, in order to increase incomes and enable essential services to be provided to the

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All four components will utilize PL 480 Title II food. In the maternal/child health component, the food will be utilized as nutritional supplements to those suffering from or at risk of suffering from malnutrition. The other three components will be food-for-work. In the agricultural and micro-enterprise components, this will be in the form of food compensation only:

- until a crop is produced of sufficiently large size to maintain the participating family, or
- until the micro-enterprise begins to provide net income sufficient for the participating families to maintain themselves.

The infrastructure component will be more traditional food-for-work, with compensation for labor on selected community sub-projects.

### III. Nature of the Project and its Activities.

#### A. Background.

This nutrition and food-for-work project is the latest in a series of food distribution and development programs implemented by ADRA/OFASA in Peru over more than 20 years. Specifically, it is a follow-on to ADRA/OFASA's Expanded Feeding OPG (527-0247), supported by A.I.D. since January 31, 1983. That OPG, which has an expiration date of December 30, 1988, has provided \$1,445,000, supplemented by ADRA/OFASA's own contributions, PL 480 (GOP) Title I counterpart, monetized Title II funds, and PL 480 Title II food commodities.

The Expanded Feeding Program has evolved over the years from a primarily relief or food distribution activity to one with a more pronounced development focus. This reflected a basic philosophical shift within ADRA/OFASA worldwide from a welfare agency to a development agency. By 1987, the Expanded Feeding Program had evolved into one with defined income creation and maternal/child health/nutrition components.

This Nutrition and Food-for-Work Project facilitates the transition to a program with development as the primary focus. In addition, it shifts a significantly greater percentage of activities into strictly rural areas and into semi-rural areas on the fringes of cities. It uses more community development methodology than in previous ADRA programs, setting the stage for increased collaboration with departmental and regional development corporations, as well as with other locally based development agencies, both private and public.

#### B. Geographic Coverage.

The Project will operate in rural and peri-urban areas throughout Peru. Initially, some 60% of the project activities will be located in peri-urban areas, with that percentage gradually reduced to 45% by the end of the

project. These peri-urban areas, known as pueblos juvenes, are generally located on the fringes of Peruvian cities, often on river flood plains or on the lower slopes of hills. They exhibit both urban and rural characteristics.

For example, pueblos juvenes along rivers often have substantial areas dedicated to food production, animal grazing, or forestry. Given what is typically the considerable distance to the center of the city and a lack of reliable transport, residents of these areas normally prefer to work in the pueblo joven, when productive employment can be found, rather than commute to and compete in the urban center.

The rural areas where the project will operate typically are isolated small communities surrounded by agricultural fields. These areas are characterized by low incomes, lack of services, low educational levels, low productivity, high emigration, and high incidences of malnutrition and disease. Some 40% of project activities will initially take place in such communities, gradually increasing to an estimated 55%.

ADRA/OFASA currently plans to implement the project in 14 departments (Arequipa, Ancash, Cajamarca, Cuzco, Huancavelica, Huanuco, Junin, La Libertad, Lambayeque, Lima, Moquegua, Piura, Puno, and Tacna) and in a total of 51 provinces of those departments. These provinces are located in various regions of Peru, with about 75% in the sierra. In order to assure that project expansion does not exceed ADRA/OFASA's management capabilities, the PVO will expand gradually into the selected project areas.

### C. Beneficiaries.

The Project will directly assist 175,000 persons annually (or 700,000, over the life of the project). The Project expects to provide direct food assistance to 70,000 participants (40,000 of whom are adults) each year, in addition to another 105,000 beneficiary family members (who will share in a food-for-work ration).

Some 34,000 will take part in the maternal/child health program, composed of pregnant women (12%), nursing mothers (26%), and children up to age 6 suffering from, or at risk of suffering from malnutrition (62%). Over 70% of the participating children are expected to be no more than 3 years of age.

Additionally, 9,500 children --- not participants in the maternal/child health program --- will also receive direct food aid, typically, these children are over age 6, have been identified as malnourished, and have good prospects for nutritional recovery with supplementary feeding. Food for these children is usually channeled through orphanages or other similar institutions.

Annually, an estimated 26,500 food-for-work adult laborers will share their rations with their families (for a total of 131,500 beneficiaries). To be eligible for this program, each worker must satisfy three criteria:

- annual income of no greater than the equivalent of US\$362,
- an educational attainment level of no greater than completion of secondary school, and
- for agricultural component participants, lower than average regional crop yields --- or, for infrastructure component beneficiaries, residency in a community which possesses incomplete or inoperative basic infrastructure.

The targeting of malnourished children and mothers, the income test for adult food-for-work participants, and the geographic focus (rural, peri-urban, and sierra) assure that the project beneficiaries will be among the very poorest of Peru's inhabitants. As part of its evaluation process (described in Section VI, below), ADRA/OFASA will develop "beginning of project status" statistics on the beneficiaries, including income and nutritional characteristics, against which to measure the results of the project.

#### D. Nature of the Project Activities.

The following is a description of the four components of the project, with selected end-of-project indicators for each. The tables in Annexes 1 and 15 of the ADRA/OFASA OPG proposal provide more detailed project measurements and indicators.

##### (1) Maternal/Child Health Component.

Local health workers (promotores), supplemented by ADRA/OFASA professional staff, will provide health/nutrition services on a regular, periodic basis to participating communities, utilizing schools, community centers, or other donated space. Activities include training of pregnant and lactating women in a variety of nutrition, health, and family management techniques through structured course modules, monitoring of child growth and nutritional status, directed treatment of malnourished children, introduction of community gardens and community kitchens (comedores), when appropriate, and distribution of supplemental food and selected health-related goods (such as oral rehydration salts).

Specific indicators include:

- (a) Progressive reduction of 10% by 1992 of the incidence of anemia in women program participants.
- (b) Progressive reduction of 10% by 1992 of incidences of diarrhea and respiratory infections in children being monitored.
- (c) 840 malnourished children rehabilitated each year in their homes.

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- (d) 16 health and nutrition courses given per month to groups of women, with 75% of the participants putting the techniques learned into practice in their homes.
- (e) A functioning oral rehydration program, including distribution of 81,000 salt rations per year.
- (f) Establishment of 112 community/family gardens per year.

(2) Agricultural Development Component.

The objectives of this food-for-work component are to increase yields, income, and food availability among small farmers whose yields are currently below the regional average. ADRA/OFASA technicians, supplemented by local promoters and technicians from the departmental development corporations, will provide technical assistance in agricultural techniques, soil conservation, crop diversification, and utilization of improved seeds, primarily through on-farm demonstrations. ADRA/OFASA will supply the participating farmers with tools and other inputs, including seeds and fertilizer. The latter will be in the form of loans, with repayment in crops to maintain the value of the funds for re-lending to the same or other farmers. The farmers will receive food rations as an incentive for participating, until such time as their agricultural production reaches levels of self-sufficiency.

Specific indicators for this component include:

- (a) An increase in yields by 1992 of 35%, on 1,278 hectares of land, to levels where production becomes economically viable (e.g., 2,500 kilos of potatoes per quarter hectare, 500 kilos of beans, 625 kilos of wheat).
- (b) 19,170 farmers trained in improved techniques.
- (c) An increase of at least 10% in the amount of cash income received by participating farmers from sales of agricultural production, by the end of the project.

(3) Micro-enterprise Development Component.

This food-for-work component will form enterprise groups from among interested community members, employing an innovative three-stage process. First, the group will be instructed in proper production techniques for the commodity it intends to market. Second, the group members will benefit from on-the-job training in business management techniques. Finally, the project will provide technical assistance to the group during the first months of full-scale operation. During this third stage, groups will receive working capital loans in the form of materials, which will be repaid into a rotating fund. The entire process --- from identification of interested group members to enterprise operation on a self-maintaining basis --- will extend from 32 to 38 months. During this period, participants will receive food rations.

ADRA/OFASA's experience with this activity under the Expanded Feeding Program reveals that the most popular ventures are in sweater knitting, clothes making, and straw weaving (e.g., baskets, mats). However, there has been a wide diversity of other successfully created enterprises formed, such as lamp making, furniture making, leather work, carpentry, toy making, and handicrafts. In the Nutrition and Food-for-Work Project, ADRA/OFASA will encourage diversity, so as not to saturate markets. While it is expected that only a small proportion of the groups which start the first stage will graduate from the third with a viable, continuing business, all participants will have received valuable training in production and business skills.

Specific indicators for this component include:

- (a) 1,354 groups formed, with 118 completing Stage Three (i.e., operating a viable, self-sufficient enterprise) by the end of the Project.
- (b) An average 20% increase in the income of all participants by 1992.

(4) Basic Productive Infrastructure Component.

This is a traditional food-for-work activity, in the sense that community members form work teams and receive food in exchange for their labor in constructing infrastructure. ADRA/OFASA will give priority to works which contribute to increased productivity within the community, such as the construction and/or rehabilitation of irrigation canals, reservoirs, food storage facilities, terraces, and animal dips. A secondary priority will be attributed to the installation of latrines and potable water supplies, as well as the building and repair of wells, roads, and social infrastructure (e.g., schools, health posts, and community centers). ADRA/OFASA will provide tools, materials, and training in construction techniques.

Specific indicators for this component include:

- (a) An average of 115 works constructed by an average of 90 communities in each year of the project, for a total of 460 works in 360 different localities.
- (b) Specific targets are included in Annex 15 of the ADRA/OFASA OPG proposal for land-leveling, the construction of reservoirs, wells, latrines, potable water systems, silos, and animal dips, and the construction and rehabilitation of irrigation canals, terraces, and roads.

IV. Project Implementation and Institutional Responsibilities.

ADRA/OFASA will implement the project over a period of approximately 51 months, beginning with the date of the letter of agreement and ending on

December 31, 1992. It will assume responsibility for overall project management and implementation, including complete responsibility for the A.I.D. OPG funds and A.I.D.-provided PL 480 Title II food commodities.

ADRA/OFASA will enter into or will utilize existing implementation agreements with individual community groups and with appropriate public and private organizations. It is understood that ADRA will enter into formal or informal arrangements with individual departmental or regional development corporations (CORDES), under which CORDES technicians will provide services to Project beneficiaries, with ADRA/OFASA covering travel and other expenses. ADRA/OFASA will implement a limited number of activities under the infrastructure component in conjunction with the National Food Distribution Agency (ONAA) and, for the near future, with Cooperacion Popular, under existing agreements. (The infrastructure construction management responsibilities of Cooperacion Popular will soon be transferred completely to the municipal governments).

#### A. Responsibilities of ADRA/OFASA.

The specific responsibilities of ADRA include:

(1) Provide delivery of the inputs to the Project, including PL 480 Title II food support and funding, technical assistance support, training, and supervision to all four components.

(2) Provide technically trained personnel to carry out the various project activities.

(3) Carry out administrative functions, including procurement of goods and services, maintaining accounting records, and program progress and financial reporting.

(4) Monitor implementation and attainment of benchmark targets, recommending and undertaking modifications, as necessary.

(5) Evaluate project impact on the health/nutritional status and income levels, as appropriate, of individual beneficiaries and on the productive and social infrastructure of participating communities, on the basis of evaluations, recommend and implement modifications, as necessary.

(6) Arrange all transportation and handling for PL 480 Title II commodities from the port of discharge in Peru to the main warehouses in each department where the project is operating, and from the warehouses to the individual beneficiaries.

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(7) Supervise and monitor the transportation of Title II food from the port of embarkation in the United States to the final beneficiary, including its end use. Implement the PL 480 Title II program in accordance with ADRA/OFASA's Multi-Year Operational Plan (MYOP) and A.I.D. Regulation 11.

(8) In conjunction with A.I.D., ONAA, and other voluntary agencies in Peru, improve food program management, commodity tracking, and accountability, by participating in management needs assessments and by instituting a computerized commodity tracking system for the PL 480 Title II Program.

B. Responsibilities of the Departmental Development Corporations (CORDES).

The CORDES will:

(1) Assist ADRA/OFASA establish criteria for the approval of community initiatives projects, as well as assist in their review and approval;

(2) Provide technical assistance and supervision to those projects selected jointly with ADRA/OFASA;

(3) Provide logistics support for the transport and distribution of ADRA/OFASA Title II commodities to project beneficiaries;

(4) Coordinate the participation of CORDE nutritionists in training programs to ensure the maximum benefit of the donated food products; and

(5) Promote, to the extent possible, an awareness among the project beneficiaries that the Title II commodities have been donated by the people of the United States, through the use of both the mass media (e.g., radio, television, newspaper, posters, etc.) and direct communications (e.g., talks and training sessions at distribution centers).

C. Responsibilities of the National Food Distribution Agency (ONAA).

ONAA will:

(1) Assist in the storage, transport, and distribution of approximately 30% of the ADRA/OFASA Title II food to community feeding centers or food-for-work sites;

(2) Assist ADRA/OFASA establish criteria for the approval of community initiatives projects, as well as assist in their review and approval; and

(3) Promote, to the extent possible, an awareness among the project beneficiaries that the Title II commodities have been donated by the people of the United States, through the use of both mass media and direct communications.

D. Responsibilities of the Nutrition Research Institute (IIN).

IIN will coordinate with ADRA/OFASA in the planning and implementation of the training workshops for nutritionists and health promoters. This assistance will include the development of training materials and curricula, as well as the participation of IIN trainers in the workshops. IIN will also provide follow-up field supervision and technical assistance to those who have participated in the training course.

E. Responsibility of Cooperacion Popular.

Cooperacion Popular will:

(1) Provide technical assistance and supervision to the projects selected jointly with ADRA/OFASA; and

(2) As the liquidation process of Cooperacion Popular proceeds, assist the municipalities to assume full control and management of the food-assisted infrastructure projects.

F. Responsibilities of Individual Communities.

The communities participating in this program will:

(1) Assist in establishing the criteria for the approval of community initiatives projects, as well as assist in their review and approval; and

(2) Contribute labor and materials, as required, to achieve the objectives of the specific project activities.

V. Financial Management.

A. Project Budget and Disbursement of Funds.

The proposed budget calls for grant funding over a period of 51 months of not to exceed \$1,250,000, subject to the availability of funds. Grant funds will be used to pay for salaries of ADRA/OFASA staff and providers of technical

assistance, to purchase materials and equipment (including computer hardware and software), to pay operational and office costs, and to procure project vehicles.

Disbursement of grant funds shall be made in accordance with Optional Standard Provision Nos. 2 and 3 of Attachment 4. Disbursements will normally be made either to reimburse for eligible expenditures under the Grant or to provide cash advances for eligible expenditures of immediate cash needs, expected to be made during a period not to exceed 30 days.

ADRA/OFASA will administer all costs and disbursements associated with the A.I.D. grant funds. A.I.D. will make disbursements for reimbursements and/or advances directly to ADRA/OFASA. No direct payments will be made by A.I.D. to any other entity or organization for procurement of commodities, expenses, or any other purpose.

The Grant Budget is provided in Table I of Attachment 1 ("Schedule"). Aggregate shifts of more than 20% among A.I.D.-financed line items cannot be made without the prior written authorization of A.I.D. Table II of Attachment 1 indicates projected expenditures; ADRA/OFASA agrees to make available its own resources to cover expenditures attributed to it therein. Table II also indicates estimated expenditures from resources expected to be made available from PL 480 Title II (in the form of both commodities and monetization) and from Government of Peru owned PL 480 Title I generations.

#### B. Accounting Records and Cash Management.

ADRA/OFASA will keep separate accounting records for funds under this OPG, which are separate and apart from records kept by ADRA/OFASA for any other funds held for similar projects or other purposes. ADRA/OFASA will deposit all funds received from A.I.D. for this OPG in a bank account which will be used exclusively for the A.I.D. funds received for this grant. No other funds for this or any other grant or for this grant from any other source shall become mingled with these A.I.D. funds. All disbursements of A.I.D. funds under this OPG shall be made exclusively from this same account and no other.

#### C. Financial Review and Audit.

At the discretion of A.I.D., A.I.D. may request that the terms of Mandatory Standard Provision No. 2 of Attachment 3, in respect to audit, be fulfilled by any of a number of means, including financial review by A.I.D.'s staff, receipt by A.I.D. of relevant sections of reports from ADRA/OFASA's independent audit staff indicating satisfactory review of ADRA/OFASA's financial management as related to the Project, or the contracting of

Upon A.I.D.'s request, ADRA/OFASA will contract outside financial reviews or audits utilizing OPG funds, up to the amount reserved for such reviews in the project budget. For these types of reviews, A.I.D. will approve the scopes of work and the contractor prior to any contracting by ADRA/OFASA. Such scopes of work shall include the examination of relative cost sharing between A.I.D. and other sources, involving split-funded inputs (e.g., administrative costs).

## VI. Reporting and Evaluation.

### A. General Intent.

The reporting format (form, content, and periodicity) will respond to the requirements of ADRA/OFASA, the Food for Peace Office (AID/W), and USAID. To the maximum extent possible, the reports and the planning documents required by USAID/Peru under the OPG, by AID/W in the PL 480 Title II Multi-Year Operational Plan (MYOP) and annual progress reports, and by ADRA/OFASA will be identical.

Under AID/W procedures for the MYOP, three documents are to be submitted by Title II cooperating sponsors by May 15:

- an annual progress report,
- an update of the operational plan for the coming year, and
- an annual estimate of requirements (AER).

The reporting and planning documentation required under this Grant shall be structured to fulfill reporting requirements under the MYOP.

### B. Reporting.

The reporting schedule for this grant shall be as follows. ADRA/OFASA shall provide A.I.D. with the following reports, typewritten and in English:

- (1) Comprehensive quarterly performance and financial reports which:
  - (a) detail accomplishments by component and activity (including numbers and gender of beneficiaries),
  - (b) provide financial details on funds received and expended by budget category,
  - (c) provide details on PL 480 Title II food received and distributed by component and location,
  - (d) indicate findings, problems, conclusions, and recommendations for the future, and
  - (e) provide a summary of major activities expected the following quarter.

The format of the report will be agreed upon by the parties prior to the date of submission of the first report, which shall cover the period ending December 31, 1988.

- (2) An annual assessment of progress toward the objectives of ADRA/OFASA's Multi-Year Operational Plan (MYOP) and this OPG. The assessment will cover project activities completed, goals and specific performance indicators accomplished, social and economic impact on participating communities, problems encountered in implementation, use of donated food, and the use of funds --- from both the OPG and other sources. In addition, the document will contain other information requested by AID/W in the context of the MYOP/AER process. The format of the report will be agreed upon by both parties prior to the date of submission of the first report, which shall be due on April 1, 1989.

#### C. Planning Documentation.

The quarterly progress reports will form the basis for the comprehensive annual progress report, which --- in turn --- will contribute to the MYOP update. ADRA/OFASA shall prepare and submit to A.I.D., typewritten and in English, a detailed annual implementation and financial plan for the project, detailing --- by component --- the objectives, geographic coverage, expected numbers of beneficiaries (disaggregated by gender), inputs (both financial resources and donated food), outputs, institutional responsibilities, personnel requirements, a comprehensive financial plan (including inputs from all sources), and all other relevant information concerning the implementation of the Project. In addition, these reports will include other information requested by AID/W in the context of the MYOP/AER approval process. This planning document will be submitted simultaneously with the annual progress report described above, i.e. by April 1 of each project year.

#### C. Evaluations.

ADRA/OFASA and A.I.D. will jointly implement a three-stage evaluation plan, involving the development of "Beginning of Project Status" indicators, the implementation of an intermediate performance evaluation in July 1990, and the undertaking of an impact evaluation, no later than March 1992. (The impact evaluation will determine the feasibility and advisability of further ADRA/OFASA and/or A.I.D. assistance to the project or to similar projects in the future.) It is expected that the first phase will be completed by January 1, 1989. Scopes of work for the two formal evaluations will be jointly developed and agreed upon by both parties prior to the implementation of the evaluations; ADRA/OFASA will contract any outside evaluation assistance jointly agreed upon. Funds for the evaluations and for any outside assistance required in the establishment of "Beginning of Project Status" indicators have been provided for in the OPG budget.

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VII. Environmental Considerations.

A.I.D. regulations prohibit the purchase of pesticides with project funds. Likewise, A.I.D. funds shall not be used for the transport, storage, or application of non-A.I.D.-financed pesticides, except as A.I.D. may otherwise agree in writing. Funding under this OPG shall not be used for credit or technical assistance related to the procurement or use of pesticides under the agricultural development component of the program. ADRA/OFASA agrees to consult with A.I.D.'s Regional Environmental Management Specialist prior to undertaking training activities involving the use of pesticides.

VIII. Conditions and Covenants.

## A. Source and Origin of Commodities and Nationality of Services.

Except for vehicles, commodities financed by A.I.D. under the project shall have their source and origin in Peru or the United States, except as A.I.D. may otherwise agree in writing. Vehicles shall have their source and origin in the United States, except as A.I.D. may otherwise agree in writing.

Except for ocean shipping, the suppliers of commodities or services shall have Peru or the United States as their place of nationality, except as A.I.D. may otherwise agree in writing. Ocean shipping financed under the Project shall, except as A.I.D. may otherwise agree in writing, be financed only on flag vessels of the United States. Air shipping or transportation shall be subject to the requirements of Optional Standard Provision No. 4 of Attachment 4.

## B. Procurement of Computer Hardware and Software.

Any procurement of computer hardware and software shall be coordinated with the Voluntary Agency Commodity Tracking System Working Group in Peru and shall be subject to the prior written approval of A.I.D.

## C. Other.

- (1) ADRA/OFASA will submit to USAID copies of all implementing agreements between ADRA/OFASA and participating public and private sector entities (excluding individual communities) in effect, on a yearly basis or whenever implementing agreements are amended or otherwise modified.
  - (2) Prior to the first disbursement of A.I.D. funds, ADRA/OFASA shall provide evidence of the establishment of a separate bank account for A.I.D. funds; the first and subsequent disbursements shall be made into such separate bank account.
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- (3) ADRA/OFASA shall furnish to A.I.D., in form and substance satisfactory to A.I.D., on or before January 1 of each year (and by October 15 for 1988), the following:
- (a) a detailed implementation plan for the activities under the Project for that calendar year; and
  - (b) a detailed financial plan for that calendar year, including the anticipated contributions from A.I.D. (including the AID/W-funded Strengthening Grant), ADRA/OFASA, and PL 480 Title I and Monetized Title II, in all cases broken down by line item and project component; the financial plan should also include PL 480 generated funds anticipated for disbursement to ADRA/OFASA and to counterpart agencies, as well as anticipated PL 480 Title II food distributions, with estimated values.
- (4) ADRA/OFASA agrees that:
- (a) on or before January 1, 1989, it will present to A.I.D., in form and substance satisfactory to A.I.D., evidence that it has completed the "Beginning of Project Status" stage of its three-stage evaluation process; and
  - (b) on or before March 1, 1989, it will present evidence to A.I.D., in form and substance satisfactory to A.I.D., that it has:
    - (i) effected, or has prepared a plan to effect, actions agreed to by A.I.D. and ADRA/OFASA which resolve issues and recommendations arising from the Management Needs Assessment which began in September 1988, and
    - (ii) has developed and started the implementation of a plan for the maintenance of value of its credit programs supported by this Grant.
- (5) In designing training activities for project beneficiaries, and taking into account the beneficiaries' expressed needs, ADRA/OFASA shall utilize the experience and resources of other A.I.D.-financed programs, especially in the population, narcotics awareness, and child survival areas.

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