

PD-AAZ-114

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AGENCIA PARA EL DESARROLLO INTERNACIONAL
DE LOS ESTADOS UNIDOS EN EL PERU (USAID/PERU)
C/O EMBAJADA AMERICANA
LIMA - PERU

TELEFONO 288200

June 23, 1986

Mr. Thomas Rosenberger
Acting Director
Cooperative for American
Relief Everywhere
CARE/PERU
Los Laureles 485
Lima 27

Subject: CARE OPG - Basic Infrastructure and
Primary Health CARE in the Pueblos
Jóvenes of Lima and Trujillo
Project No. 527-0261

Dear Mr. Rosenberger:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "AID" or "Grantor") hereby grants to the Cooperative for American Relief Everywhere (hereinafter referred to as "CARE" or "Grantee") the additional amount of \$300,000 in accordance with the Financial Plan, to continue to support basic infrastructure and Child Survival activities as described in the Letter of Agreement dated June 18, 1984, as amended, Attachment 1 and 2 thereto (Attachment A for purposes of this amendment) and the Revised Schedule and a Revised Program Description which are attached and made a part hereof (Attachment B for purposes of this amendment). This additional \$300,000 supplements the \$600,000 previously granted for a total cumulative amount granted to date of \$900,000 (the "Grant").

This grant increment 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, 1987.

This Grant is made to CARE on condition that the funds will be administered in accordance with the terms and conditions as set forth in the Letter of Agreement dated June 18, 1984, as amended (Attachment A), the Revised Schedule and "Revised Program Description" (Attachment B), and Revised Standard Provisions, Attachment C, (Mandatory Standard Provisions for U. S. Nongovernmental Grantees and Optional Standard Provisions for U. S. Nongovernmental Grantees) which have been agreed to by your organization.

Please sign all six (6) copies of this letter to acknowledge receipt of the Grant, and return five (5) copies to AID.

Sincerely yours,



John A. Sanbrailo
Director

ATTACHMENTS:

- A. Letter of Agreement dated June 18, 1984, as amended (attachments 1 and 2 thereto)
- B. Revised Schedule and "Revised Program Description"
- C. Revised Standard Provisions

ACKNOWLEDGED:

COOPERATIVE FOR AMERICAN RELIEF EVERYWHERE

By: Thomas Rosenberger
Thomas Rosenberger

Title: Acting Director

Date: June 23, 1986

FISCAL DATA:

Appropriation	:	72-1161021
Budget Plan Code	:	LDAA-86-25527-AG13 LDAA-86-25527-CG13
Project Number	:	527-0261
Total Estimated Amount	:	\$900,000 (\$775,000 ARDN; \$125,000 HE)
Total This Obligation	:	\$300,000 (\$175,000 ARDN; \$125,000 HE)

REVISED SCHEDULE II

A. Purpose of Grant

The purpose of this Grant is to provide support for the CARE Basic Infrastructure and Primary Health Care Project, as more specifically described in the "Revised Program Description."

B. Period of Grant

1. The effective date of this Grant is June 18, 1984. The expiration date of this Grant is March 31, 1987.

2. Funds obligated hereunder are available for program expenditures for the estimated period April 15, 1984 to March 31, 1987 as shown in the Grant Budget.

C. Amount of Grant and Payment

1. The total estimated amount of this Grant for the period shown in B.1 above is \$900,000.

2. AID by Letters of Agreement dated June 18, 1984 and December 28, 1984, obligated the amounts of \$200,000 and \$400,000, respectively, and hereby obligates the additional amount of \$300,000 for program expenditures during the estimated period set forth in B.2 above and as shown in the Grant Budget.

3. Payment shall be made to the Grantee in accordance with procedures set forth in Attachment C, Optional Standard Provision No. 2, entitled "Payment-Periodic Advance".

D. Financial Plan

The following is the Grant Budget, including local cost financed items, as authorized. Revisions to this budget shall be made in accordance with Mandatory Standard Provision 4, entitled "Revision of Grant Budget."

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GRANT BUDGET

	Obligations to date		This Obligation				Total	
	4/15/84 - 12/31/86		6/23/86 - 3/31/87				4/15/84 - 3/31/87	
	<u>US\$</u>	<u>I/.</u>	<u>US\$</u>	<u>I/.</u>	<u>US\$</u>	<u>I/.</u>	<u>US\$</u>	<u>I/.</u>
(a) Cost Element	ARDN		ARDN		CHILD SURVIVAL			
I. Administrative Expenses:								
1. Salaries and Personnel Expenses		*	20,000		15,000			*
2. Vehicle Maintenance, Insurance, Gasoline		*	10,000		7,000			*
3. Office Expenses		*	6,000		3,000			*
4. Contingency		*	<u>4,000</u>		<u>3,000</u>			
TOTAL 1 - 4		* 375,176	40,000		28,000			*443,176
II. Materials and Equipment:								
5. Job Creation		154,320	87,000					241,320
6. Primary Health/Potable Water		21,104	30,000		83,000			134,104
7. Program Evaluation			2,000		2,000			4,000
8. CARE Overhead:	<u>49,400</u>		<u>16,000</u>		<u>12,000</u>			<u>77,400</u>
SUB TOTAL 1 and 2:	49,400	550,600	16,000	159,000	12,000	113,000	77,400	822,600
GRAND TOTAL:		600,000		175,000		125,000		900,000
	=====		=====		=====			=====
Total Part (a) \$900,000								

* Not itemized in Letters of Agreement dated 8/18/84 and 12/28/84

Part (b) CARE Contribution	<u>First Through Fourth Year</u>
1. Central Office Expenses	US\$ 98,557
2. Personnel for National Office	71,537
3. Program Material & Equipment	336,528
Total Part (b)	\$ 506,622
Part (c) GOP Title I Counterpart Contributions*	\$ 2,637,960
Grand Total Parts (a) + (b)	\$ 1,406,622

* This is not additional, but used to offset PVO costs.

E. Reporting and Evaluation

As more fully described in the "Revised Program Description" in Sections on Conditions and Covenants (V), Reporting and Evaluations (VI), Project Budget and Release of Funds (IV), and Fiscal Provisions (VII), CARE agrees to provide to the AID Food for Development Office all required documentation relating to "Financial Reporting Requirements."

F. Special Provisions

1. Optional Standard Provisions for U.S., Nongovernmental Grantees Attachment C (OMB Control No. 0412-0510) shall apply as follows: provisions 2, 5, 6, 7, 9, 20, & 23.

2. To assist in the implementation of the Project, AID, from time to time, will issue Project Implementation Letters furnishing additional information or requirements about matters stated in this Agreement.

G. Overhead Rate

It is agreed between the Grantor and Grantee that an overhead rate of 10.34% associated with U.S. agency support activities will be charged to this Grant.

H. Title to Property

Title to any property purchased under this Grant will be vested in the Grantee, in accordance with Optional Standard Provision 20 of Attachment C, Optional Standard Provisions for U.S. Nongovernmental Grantees.

I. Authorized Geographic Code

All goods and services under this Grant must have their source and origin in the U.S. and Peru and consistent with Optional Standard Provisions 6 and 9 of Attachment C. Local cost financing up to \$822,600 is also authorized under this Grant.

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REVISED PROGRAM DESCRIPTION

I. Purpose of Grant

The purpose of this Operational Program Grant (henceforth, "The Grant") is to assist the Cooperative for American Relief Everywhere (CARE) to continue its Food for Work and Primary Health Care Programs which provide community development, improved physical infrastructure, job creation (micro-enterprise development), primary health care services, and Child Survival activities to the poor of Lima and Trujillo.

II. Goals and Objectives

A. Goals

1. To improve the health, nutrition, and living standards of the poor in marginal urban areas of Peru.
2. To specifically alleviate malnutrition through the contribution of PL 480 Title II food commodities as dietary supplements and through primary health care, community health outreach services, and other Child Survival activities.
3. To implement a functional growth surveillance system for children under six years of age which will collect data on a center, regional, and national level to be analyzed to determine Title II and Child Survival Program impact as well as feeding policies. This system will gradually be expanded to cover all vulnerable group feeding centers on a national level with a goal of having complete coverage by the end of FY 88.
4. To promote and develop activities which will improve one standard of living for beneficiary communities through community development, infrastructure, housing, and micro-enterprise FFW sub-projects.

B. Objectives

1. Provide AID Grant funds to defray certain costs related to:
 - a) materials and technical assistance in FFW projects;
 - b) supervision, inspection, and evaluation of project activities (See Illustrative Financial Plan, Section D, Schedule).

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2. Provide Health Child Survival funds to defray certain costs related to health and nutrition education for lactating and pregnant mothers and malnourished children under six years old. Practical training courses will principally promote growth monitoring and other activities such as family nutrition, proper ration use, immunizations, ORT, breast feeding, modern weaning practices, and family planning.

III. Project Implementation

This project will be implemented by CARE over a period of approximately two years and nine months beginning with the effective date of the Grant. CARE will assume responsibility for overall project implementation and will assume complete responsibility for Grant funds.

A. PROGRAM ADMINISTRATION

CARE will:

1. Implement and evaluate programs in:
 - a. Child Survival Health Care which includes:
 - 1) Health and nutrition course for community health care workers.
 - 2) Primary health care and community outreach services in marginal urban areas.
 - 3) Child Survival activities for women who are pregnant, lactating, and/or have malnourished children under 6 years of age. Program will highlight growth monitoring and promote nutrition, proper ration use, immunizations, ORT, breast feeding, modern weaning practices, hygiene, and family planning.
 - 4) Support for community kitchens, including on-site feeding centers and growth monitoring for malnourished children.
 - 5) Family and community gardens, the produce from which will supplement community kitchen menus to lessen the dependency on continued Title II distributions.

- b. Food for Work which includes:
- 1) Formation of micro-enterprises which instruct participants in vocational education and marketing techniques in order to create private sector job opportunities.
 - 2) Community development sub-projects which assist in the improvement of infrastructure and basic services such as river defense, potable water and sanitation systems, animal husbandry projects, and family/community gardens.
2. Coordinate project activities at the national and local level.
 3. Formulate and disseminate policies and directives necessary for the successful implementation of project activities. Those CARE policy directives which have either direct or indirect impact upon programs financed by AID will be submitted to AID for review and approval before issued.
 4. Identify geographic priorities for project implementation based on need demonstrated by socio-economic data and deficits of services to be provided. Continued emphasis will be placed on transferring program focus away from Lima to provincial areas in greatest need.
 5. Make necessary readjustments in project implementation and establish corrective actions when required.
 6. Prepare and submit an annual report regarding project implementation, including accounting for funds received and disbursed for each program, targets met, and necessary changes in program design for implementation arrangements.
 7. Coordinate its activities with AID and all relevant agencies of the Government of Peru, international donor organizations, or private Peruvian organizations engaged in similar developmental or educational activities in the project or new program areas.
 8. Maintain and as necessary obtain the services of personnel with expertise in self-help community development. Contracts for additional technical staff will be, in form and substance, approved by AID.

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9. Purchase materials necessary for sub-projects through competitive bid process following a determination of the participating community's capacity for self-financing of any necessary commodities. (The expectation that the community will provide as many local resources as possible as contributions is a pre-condition for sub-project selection).

B. GRANT FUNDS MANAGEMENT
CARE will:

1. Account for the use of all Grant funds and Title II commodities, as well as assist in the purchase, with Title I GOP counterpart funds, of materials and equipment required for sub-projects.
2. Maintain resources donated by AID for activities under this Grant under separate records and bank accounts from those of other resources donated by AID in accordance with Standard Provision 2 of Attachment C to the Agreement, or by any other source for any other purpose, and to acquire prior written approval from AID for any mixing or interchange of said resources.
3. Ensure that AID Grant funds provided for transportation, customs warehousing, etc., will be used for such costs only as they relate to Title II foods under the feeding program activities contemplated by this Grant, and will not be used to substitute for funds provided the Grantee by the Government of Peru or other sources. Exception to this provision is subject to prior written approval from AID.
4. Analyze and remit on a monthly basis all interest earned on AID Grant funds.
5. Reconcile funds transferred to regions by budgeting advances which support liquidations and by maintaining accurate budgetary control records.
6. Review the effectiveness of, and if necessary improve, financial management systems and internal financial control procedures used to comply with the terms and conditions of this Grant, as recommended in the Deloitte, Haskins, and Sells Financial Review.

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C. COMMODITY LOGISTICS

CARE will:

1. Ensure appropriate and agreed upon disposition of PL 480 Title II food commodities used in the project in accordance with AID Handbook 9 and Regulation Eleven;
2. Provide supervision and monitoring of 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 Title II commodities, commodity and recipient status reports, reports on inland losses, etc.;
 - b. Secure adequate warehousing for the project Title II commodities;
 - c. Maintain a record of all end-use inspection and reports relating to project supervision and food distribution, routinely provide AID with copies of these reports, and inform AID whenever an irregularity is identified;
 - d. Provide adequate end-use checkers and project promoters/managers to supervise end-use distribution of Title II commodities within Food for Work and Primary Health Care projects. Contracts for additional outside full-time project supervisory services will be, in form and substance, approved by AID;
 - e. Perform necessary rebagging of foods on a timely basis to assure proper handling and reduced loss;
3. Implementation of food distribution will be in accordance with CARE's Annual Regional Distribution Schedule to be submitted to AID.

IV. Project Budget and Release of Funds

The proposed budget calls for Grant financing over a period of two years and nine months not to exceed US\$ 900,000. See Section D of the Revised Schedule, Attachment B, for an illustrative budget and an estimation of CARE contributions.

Release of Grant Funds under this Agreement shall be in accordance with Optional Standard Provision No. 2, Payment-Periodic Advance. Shifts of more than 20% among AID-financed budget line items cannot be made without prior written authorization of AID.

V. Conditions and Covenants

A. Source and Origin of Commodities, Nationality of Services:

Commodities financed by AID under the Grant shall have their source and origin in Peru or the United States (except for vehicles, which must be of U.S. source and origin), except as AID 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 AID may otherwise agree in writing. Ocean shipping financed by AID under the program shall, except as AID may otherwise agree in writing, be financed only on flag vessels of the United States.

B. Conditions Precedent

1. Continued disbursements of AID Grant funds are conditional upon yearly approval of Annual Estimate of Requirements for food commodities by the Inter-Agency Staff Committee on PL 480.
2. Initial disbursement of AID Grant funds is conditional upon receipt and approval by AID/Peru of a description of CARE's personnel policies regarding recruitment, salary ranges for each position, promotion, fringe benefits, leave policy, working hours, holiday and any other benefit that may be financed with Grant funds.

C. Covenants

1. To provide a five year plan, subject to AID approval, which will include program objectives, benchmarks, priorities, strategies, and national and regional budgets. To submit to AID for review and approval a proposed budget for each regional office for funds to be made available under this Grant. Regional budgets should coincide with the geographic priorities agreed upon by AID and CARE as they relate to the distribution of Title II commodities.
2. To remit to all regional coordinators a Spanish-language version of this Grant, the multiyear plan, and a regional grant budget satisfactory to AID, and that such remittance will be made within 60 days after the date of this letter.
3. Prior to contracting any additional personnel, to inform AID of the services required and the name, qualifications, and proposed salary, and to obtain AID prior written approval of that individual or individuals.

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4. To utilize no more than 25 percent of total Child Survival funds for administrative costs of Child Survival initiatives. CARE agrees to utilize the majority of Child Survival funds for the implementation of functioning growth surveillance activities and potable water systems. CARE agrees to ensure that regional offices are fully aware of the nature and use of Child Survival funds by disseminating information in the form of directives to be approved by AID in advance.

VI. Reporting and Evaluation

- E. CARE hereby agrees to provide AID/Food for Development Office with copies of the following reports and evaluations and any other reports normally required of voluntary agencies distributing PL 480, Title II commodities:

1. Reports

- a. On a yearly basis, an update of the multi-year plan for the subsequent program year, including national and regional budgets.
- b. On a quarterly basis, a summary report of CARE supervision field inspections.
- c. On a quarterly basis, a summary report of FFW and Child Survival project implementation activities (CARE's PIE reports).
- d. On a quarterly basis a status report of commodities and number of recipients which includes data from all regions. On a monthly basis, a stock status report for key CARE Title II commodity concentrations such as Callao and Trujillo.

2. Evaluations

- a. On a yearly basis, an assessment of progress towards multi-year plan objectives. The assessment will cover projects completed, performance goals accomplished, community impact, problems encountered in implementation, and use of OPG funds expended.
- b. On a quarterly basis, an assessment of progress towards Child Survival objectives and an analysis of growth monitoring data on national, regional, and project basis.

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VII. Fiscal Provisions

Fiscal reporting to AID under the Grant will be presented in the form of a "Federal Cash Transactions Status Report" and a "Financial Status Report", Report Control Nos. 272 and 269, as specified in Amendment 4 to the Grant, dated April 25, 1985.

Both reports should be submitted every three months. A monthly voucher "Request for Advance of Funds" (Form 270) must be received by AID on or before the tenth day of the month preceding the month for which the advance is being requested.

VIII. Targets

During FY 87, CARE expects to distribute rations (totalling 2,966 MT of food) to approximately 36,350 recipients in the pueblos juvenes of Lima and Trujillo. The following targets are expected to be completed by March 31, 1987:

1. Child Survival/Health

- a. Provide primary health care out-reach services to 12,000 families in marginal urban areas
- b. Provide Child Survival activities such as growth monitoring, prevention of and recuperation from diarrhea, ORT, breastfeeding, improved sanitation, immunizations and family planning to approximately 65,000 beneficiaries in the primary health care, community kitchens, and potable water system projects.
- c. Select and train at least 25 community health promoters in CARE and IIN-sponsored Child Survival courses.
- d. Construct and implement 1,500 new household potable water systems.
- e. Rehabilitate existing water systems for 4,320 families.
- f. Provide technical assistance, income generation activities, and other required inputs which will allow 150 community kitchens to reach self-sufficiency.
- g. Conduct baseline health-status studies and quarterly evaluations of growth monitoring data for 50% of the children in the Child Survival program.

2. Food for Work

- a. Construct and/or repair 1,804 linear meters (LM) of river embankment defenses.
- b. Rehabilitate 62,452 LM of irrigation canals.
- c. Construct, equip, and/or staff 49 health centers and 5 health annexes.
- d. Plant 150 hectares of trees along river defenses and plant and/or maintain 400,000 trees.
- e. Construct and/or equip 567 rural or marginal urban area classrooms, 79 school sanitary facilities and 8 administrative structures.
- f. Create 1,600 new micro-enterprises in such trades as carpentry, dressmaking, shoemaking, metal work, and handicrafts.

2. Training

Train staff members in Management By Objectives (MBO), community needs assessment, project identification and design, and reporting and evaluation procedures.

3. Geographic Program Focus

CARE agrees to review the geographical emphasis of its Title II programs with AID and GOP counterparts with the intent to increasingly concentrate more of its PIBA program activities in provincial areas of greatest need and not solely Lima and Trujillo.

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