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PVO CO-FINANCING PROJECT PAPER
PROJECT NUMBER 517-0247

Date: August 10, 1989

PROJECT DATA SHEET

1. TRANSACTION CODE

A = Add
 C = Change
 D = Delete

Amendment Number

DOCUMENT CODE
3

COUNTRY/ENTITY
Dominican Republic

3. PROJECT NUMBER

517-0247

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USAID/Dominican Republic 05

5. PROJECT TITLE (maximum 40 characters)

PVO Co-Financing

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)

MM DD YY
01 8 31 96

7. ESTIMATED DATE OF OBLIGATION
(Under "9:" below, enter 1, 2, 3, or 4)

A. Initial FY 8 9 B. Quarter 1 4 C. Final FY 8 9

8. COSTS (5000 OR EQUIVALENT \$) =

A. FUNDING SOURCE	FIRST FY 89			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AD Appropriated Total	2,360	1,640	4,000	3,327	6,173	9,500
(Grant)	()	()	()	()	()	()
(Loan)	()	()	()	()	()	()
Other						
U.S.						
Host Country (Trust Fund)					4,000	4,000
Other Donor(s) Sub-grantees				1,500	1,000	2,500
TOTALS				4,327	11,173	16,000

9. SCHEDULE OF AID FUNDING (\$000)

A. APPRO- PRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) ARDN	200	220		0		1,000		4,000	
(2) HE	500	580		0		3,000		4,000	
(3) PSEE	710	790		0		0		1,500	
(4)									
TOTALS									

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

PVO N

11. SECONDARY PURPOSE CODE

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code

B. Amount

13. PROJECT PURPOSE (maximum 430 characters)

Increase capacity of local Private Voluntary Organizations (PVOs) and other Non-Governmental Organizations (NGOs) to deliver selected services and resources to the poor.

14. SCHEDULED EVALUATIONS

Interim MM YY MM YY Final MM YY
01 1 9 3 01 1 9 9 01 8 9 6

15. SOURCE/ORIGIN OF GOODS AND SERVICES

000 941 Local Other (Specify)

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page PP. Amendment)

Approval of Methods of Implementation and Financing.

Ernest Wilson 8/21/89
Ernest Wilson
Acting Controller

17. APPROVED BY

Signature

Thomas W. Stukel
Director

Date Signed

MM DD YY
01 9 21 88

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

MM DD YY
| | | | |

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LIST OF ABBREVIATIONS

ADEMI	-Association for the Development of Micro-Enterprises (Asociación para el Desarrollo de Micro Empresas, Inc.)
ADOPEM	-Association for the Development of Woman (Asociación para el Desarrollo de la Mujer)
AID	-Agency for International Development
AIDS	-Acquired Immune Deficiency Syndrome (Síndrome de Inmuno Deficiencia Adquirida)
ARDN	-Agriculture Rural Development and Nutrition Functional Account (AID)
CEDOIS	-Dominican Center for Social Interest Organization (Centro Dominicano de Organizaciones de Interés Social)
DA	-Development Assistance (Funds - AID)
FAA	-Foreign Assistance Act
FUNDESIRE	-Foundation for the Development of the South West (Fundación para el Desarrollo del Suroeste, Inc.)
GNP	-Gross National Product
GODR	-Government of the Dominican Republic -Host Country-Owned Local Currency
HE	-Health Functional Account (AID)
IDB	-Inter-American Development Bank
IDDI	-Dominican Institute of Integral Development (Instituto Dominicano de Desarrollo Integral)
IDECOOP	-Credit Union Institute (Instituto de Desarrollo Cooperativo)
INAPA	-Institute of Potable Water and Sewers (Instituto de Aguas Potables y Alcantarillados)
INDESUR	-Institute for the Development of the Southeast (Instituto para el Desarrollo del Sureste)

ISA -Superior Institute of Agriculture
(Instituto Superior de Agricultura)

NARMA -Natural Resources Management Project

NGO -Non-Governmental Organization

ODC -Community Development Institute
(Organización para el Desarrollo de la Comunidad)

OPG -Operational Program Grant

PROAPE
/FONDESA -Small Enterprise Assistance Program/Development Fund
(Programa de Asistencia a la Pequeña Empresa/Fondo para el
Desarrollo)

PSC -Personal Services Contractor

PSEE -Private Sector Energy and Environment (AID)

PVO -Private and Voluntary Organization

RPVC -Return Peace Corps Volunteer

SBS -Basic Health Services
(Servicio Básico de Salud - GODR - SESPAS)

SESPAS -Secretariat of State for Public Health and Social Assistance
(Secretaría de Estado de Salud Pública y Asistencia Social)

SPAF -Small Development Activity Fund (AID)

TSP -Technical Secretariat of the Presidency (GODR)

USG -United States Government

PROJECT PAPER

I. SUMMARY AND RECOMMENDATION

A. The Problem

Since 1980, a declining market for the Dominican Republic's traditional exports, deteriorating external terms of trade, and inadequate economic policies have created large swings in the economy and generally unimpressive economic performance. This weak economic performance is having particularly harsh effects on the poorest segments of the population with significant groups of the society substantially worse off than in 1980.

USAID's major development thrust in the Dominican Republic is to foster sectoral policy reform and expanded private sector growth which will promote economic growth in general and specifically foster, employment creation. Through employment creation, the poorer segments of the population will be better able to address nutrition, education, housing and health needs in a manner most suitable to their individual situation. However, the relative large size of the Dominican Republic's poor population compared to the country's resources and the effects of the worsening economic situation require more immediate and short-term interventions which cannot await the results of a large-scale employment generation approach that cannot always be counted upon to reach the geographically and economically isolated groups targeted by this project. The Government of the Dominican Republic faces serious constraints in addressing social problems as it struggles with both a lack of human resources and crippling budget deficits.

As a result, USAID's approved strategy incorporates another thrust aimed at providing selected interventions to address the critical needs of the poor. However, the mechanisms available to USAID for addressing these needs are limited. Support to the Government which would normally provide leadership on such social interventions will not work due to constraints in the public sector. Given the lack of a civil service system and the cross sectoral breadth of the project, any effort to improve that infrastructure may not result in a lasting improvement. In addition, the grassroots approaches which generally prove most effective require relatively small-scale activities, and involve high management costs if carried out utilizing A.I.D.'s normal project process. Such high costs as well as increasing budget constraints, personnel reductions and monitoring responsibilities require that USAID find a way to handle a wide number of small projects efficiently. Experience has demonstrated that PVOs and NGOs provide an excellent mechanism to address broad based small scale approaches which assist the poor at the grassroots level. The Dominican Republic has a strong PVO movement and many PVOs have presented USAID with interesting projects which could effectively assist the needs of the poor. Given the enormity of the problem and the limits on USAID resources, however, assistance must be limited to selected interventions which are among the most critical and with which USAID and the PVOs have the necessary experience and resources.

B. Brief Description of the Project

The goal of the PVO Co-Financing Project is to improve the well being of geographically and economically isolated lower income groups. The project purpose is to increase the capacity of PVOs and NGOs to deliver selected services and other resources to the poor. The project will increase the quantity and quality of PVO activities in the Dominican Republic by funding sub-activities in various sectors. It is anticipated that the focus of these interventions will be in income and employment generation, community development, health delivery, water and sanitation, natural resources and hillside agriculture development.

PVOs are US or local Private Voluntary Organizations which are registered as such with AID/W or USAID/Dominican Republic. NGOs are other nongovernment organizations which share common objectives with this project and therefore, may receive funding under it. When the term PVO is used in this Project Paper it includes NGOs unless otherwise noted.

The PVO Co-Financing Project is designed to identify and establish an institutional mechanism to achieve the following:

- Provide effective management and administration of host country-owned local currency and DA dollar-funded OPG activities for both sub-grantees and USAID;
- Upgrade accountability and design standards of USAID-supported PVO projects by emphasizing a business-like and cost efficient approach;
- Improve and expand USAID/PVO cooperation and contacts;
- Enhance and make more direct, USAID's links with the poorer income groups in the Dominican Republic.

The project contains two main components:

Establishment of a PVO Development Fund, financed by both DA dollar grant funds and Host-Country-owned local currencies (HCOLC) placed in Trust to the USAID Mission; and

Development of a Fund Administration Mechanism, to undertake programming, subgrant development and design, pre-approval and review, as well as support to the Mission in budgeting, implementation monitoring, financial management (including auditing) and subgrant closeout.

The project will also provide technical assistance and training to local PVOs in presenting and carrying out their proposals. USAID will exercise direct oversight and evaluation responsibilities for the proposed PVO Co-Financing project, with GODR collaboration through the Technical Secretariate of the President (TSP). This will be done by direct USAID receipt and approval of subgrant proposals and direct USAID signing of Sub-Grant Implementation documents and the establishment of a Coordinating Unit composed of one US PSC Coordinator, a local PSC secretary and a local institutional contractor of nine persons, under the direct supervision of the PSC Coordinator and his/her Supervisor, the Program Officer. The project will also contract the services of a Fiscal Agent such as a bank and an independent audit firm to assist USAID in assuring proper handling of project funds. An important element to project success is that USAID will retain a policy-making responsibility and constant review of project activities to insure consistency of the purposes, and appropriate application of selection criteria for subgrants. USAID's direct approval of subgrant proposals during implementation of the PVO Co-Financing Project will be with GODR concurrence through participation on the Mission's Proposal Selection Committee and countersignature of PIO/T's for subgrants.

C. Recommended Action

USAID/DR recommends that a project agreement in the amount of \$9.5 million in Development Assistance grant funds (from the ARDN, HE, and PSEE accounts) be authorized to the Government of the Dominican Republic to finance a mechanism to support US and Dominican PVO activities in the Dominican Republic as described herein.

II. PROJECT BACKGROUND AND DESCRIPTION

A. Scope of the Problem

1. Critical Needs of the Poor

Poverty in the Dominican Republic extends nationwide, with the highest incidence in the rural sector. According to Central Bank household surveys completed in both 1976/77 and 1984 (i.e., about 5 years prior and 3 subsequent to the onset of the protracted economic downturn) nearly 25 percent of Dominican families did not have enough income to afford the calories and protein needed to meet standard minimum nutritional requirements. The plight of the poor in the Dominican Republic has been made worse by a deteriorating economic situation. In the last years of the 1970's economic growth disappeared and by 1981 social and economic conditions in the country began to deteriorate. During the period 1981-86, real per capita purchasing power fell 12 percent; income declined 10 percent and GNP 6 percent, while inflation reached extraordinary levels, balance of payments registered unprecedented deficits and the burden of external debt increased significantly. In 1986 alone, the Dominican economy lost almost 25 percent of GNP in real terms in comparison with what would have happened had the growth rate for the period 81-86 been maintained. The effects of this fell inordinately on the poorer income groups. In 1986, open unemployment had increased to 27 percent of the labor force and external debt had reached 66 percent of GNP.

A survey conducted by Tufts University in 1986 to determine food consumption by Dominican families also found that 25 percent of households did not reach their minimum nutritional requirements. With one-quarter of Dominican families situated in the poverty category, defined as indigent according to a nutritional basic need criterion, the country may be considered one of the poorest in Latin America. Further, the extent of deprivation in the Dominican Republic cannot be measured solely by the insufficiency of food consumption. Health, water supply, sanitation, education and housing deficiencies affect as great, or substantially greater, shares of the population. As the World Bank report of January, 1989 states, the dearth and poor quality of social and basic services materially affect the quality of life of the majority of the Dominican population. Furthermore, in some sectors, notably health, available statistics reveal a deterioration in welfare that is more pronounced than in other Latin American countries since the onset of the economic crisis in the LDCs at the beginning of the 1980s.

Declining Health Status in the Dominican Republic

Although considerable gains were achieved during the economic upswing between 1966 and 1978, a large segment of the population has always been affected by poor health. During the 1980s, average health standards have deteriorated considerably. The incidence of water-borne diseases, especially gastroenteritis, typhoid and paratyphoid, as well as other maladies like tuberculosis, syphilis and gonorrhea, have climbed. For example, the number of reported cases of gastroenteritis alone, which mainly affects children, tripled between the mid-1970s and the mid-1980s, reaching epidemic-like proportions. During the same period, the number of reported cases of syphilis, typhoid and paratyphoid, and gonorrhea, rose 115 percent, 100 percent and 42 percent, respectively. In addition, the resurgence of other infirmities, like malaria, now threaten the population once again; between 1975 and 1984, the number of reported cases of malaria soared more than sixteen-fold. While official statistics indicate that the incidence of these other communicable diseases peaked in the mid-1980's, and in some cases declined thereafter, the rate of morbidity from the ten main communicable diseases was substantially higher in 1986 than in 1981. In addition, the country currently has the fourth highest number of reported cases of AIDS in Latin America and the Caribbean. Officially reported cases more than tripled between 1985 and 1987.

One factor that increasingly contributes to the deterioration of health standards is the inadequate garbage collection services in most urban areas. The Dominican Municipalities Association estimates that installed capacity for garbage disposal is sufficient to cope with only two-thirds of the daily production of solid wastes in urban areas. Another source reports that in 1986 only 43 percent of Santo Domingo's households and less than 40 percent of other urban households declared their garbage was collected frequently. The resulting accumulation of garbage on city streets, including both main thoroughfares and secondary arteries, forms multiple and widespread breeding grounds for disease. For example, the rat population has multiplied in recent years; in 1987 over 700 cases of rat bites were reported to the National Anti-rabies Center in Santo Domingo.

Water and Sanitation

More than 70 percent of the high rate of morbidity (179 per 10,000 inhabitants in 1986) is accounted for by water-borne diseases, which are transmitted mainly by contaminated water. Less than one-third of dwellings are connected to piped water; about one-third of households have indirect access to piped water and 40 percent have no access to piped water. Deficient maintenance of water supply pipelines, together with prolonged power outages, which recently have averaged from 12 to 18 hours a day, have led to the conveyance of contaminated water to those households which have direct or indirect access to piped water. In 1986 the Secretariat of Health and Social Assistance (SESPAS) found 37 percent of piped water to be seriously contaminated. In two of the country's nine regions, close to or more than one-half of the samples were found to be heavily contaminated. Tropical depression No.7 of 1988 virtually closed down the Central Water System of the Capital and demonstrated the country's very fragile water delivery source.

Nutrition

According to the Tufts/USAID survey malnutrition affects nearly 43 percent of children in the country, of which 8 percent is second and third degree malnutrition. Infant malnutrition reaches 38.5 percent in Santo Domingo and other urban areas, and 55 percent in the southern region near the border with Haiti. Malnutrition is considerably higher in rural areas than urban ones. There exists a mistaken notion that since food is produced in the rural sector, malnutrition must be lower there. However, poor nutritional and hygiene habits, lack of access to basic services and low income levels explain the higher incidence of malnutrition in rural areas.

Infant mortality and malnutrition are closely related. Infant mortality is estimated at 70 per 1000 live births. Almost two-thirds of these deaths are caused directly or indirectly by malnutrition and intestinal infectious diseases; respiratory problems are responsible for 9 percent of infant mortality. Both infant mortality and malnutrition are closely related to socio-economic levels. For example, the incidence of infant mortality is related inversely to the mother's schooling level. The most severe malnutrition cases occur among the poorest segment of the population. But malnutrition is not peculiar to poor families. First degree (or moderate) malnutrition cases are most common in the middle two family income quartiles. And malnutrition also occurs in families situated in higher income levels. The effects of inappropriate dietary habits, lack of awareness of basic health care behavior and of unsanitary environments exist across all income levels as well as in both the rural and urban sectors.

Education

Similar deterioration in education and literacy is also being detected. Public schools, from pre-elementary to high school, currently serve 77 percent of the school-aged population. In 1986 the illiteracy rate was just an estimated 23 percent, a major improvement over 1965, when 50 percent of the population was illiterate. But illiteracy is once again on the rise. Primary school enrollment rose about 50 percent during 1970-1985 compared to an overall population increase of 35 percent in the 7 to 14 year old age group. However, unemployment and decreased incomes are causing erosion of these accomplishments as parents can no longer afford to send their children to school or forgo the incomes they might earn.

Problems of Natural Resource Management and Effects on Poor

The Dominican Republic's watersheds and natural resources face severe problems resulting from increasingly intensive use of fragile hillside lands. The watersheds' native vegetation is being cleared for crop, livestock and charcoal production. Road building in the mountains and gravel extraction from stream beds is causing decreased stream flow, increased frequency of landslides, greater levels of erosion, accelerated sedimentation of reservoirs and irrigation systems, and road washouts. As a result, the country's watersheds are losing their capacity to provide continued supplies of high quality water for agricultural and industrial use as well as hydro-electric generation. The poor small scale farmers cannot earn a living from their unirrigated, hillside plots and are increasingly forced to scavenge for trees to inefficiently produce charcoal, or to eventually migrate to the cities.

Current agroforestry technologies utilized in the country and the lack of upland irrigation systems maintain farmers at impoverished income levels, promote unstable hillside land use patterns, poor watershed cover, severe soil erosion and accelerated rates of stream sedimentation.

2. Government's Ability to Respond

A major constraint to addressing the increasing needs of the poor and overall social development in the Dominican Republic is found in the institutional constraints that characterize public social sector agencies.

According to the January 1989 World Bank Assessment of the GDR, public service, including health care, nutritional and family planning related activities: (i) are underfinanced, owing in large measure to the limited employment of user fees; (ii) possess very limited management capabilities, which is especially evident in the negligible supervision of staff, inadequate equipment and building maintenance, and uncertain provision of pharmaceuticals and other essential supplies; (iii) have an abundance of certain professionals such as doctors and a pronounced shortage of other personnel and dearth of essential supplies; (iv) pay very low salaries and have a very low rate of utilization of installed capacity; (v) have a primary network which needs considerably greater financial support and institutional reinforcement to deal efficiently with such major social service issues as disease prevention and control, malnutrition, infant mortality and family planning; (vi) are characterized by a division of labor between and among governmental agencies which does not correspond to functional differences but only to tradition and which is accompanied by a pronounced imbalance in resource allocations; and (vii) lack effective coordination with institutions like municipalities and water companies that are required to attack simultaneously the inadequacy of such services as waste collection and disposal, contaminated water supply, and other related problems which have adversely affected environmental and sanitary conditions.

A major contributing factor to the managerial/administrative constraints described above is the lack of a civil service system. Because of this lack, both technicians and professionals working under one Administration, including those trained under development assistance projects, are often removed when a change in government occurs. This absence of a civil service also serves as a disincentive for qualified people to remain in government service (and is a disincentive for donor investment in training and institution strengthening).

As a result, the World Bank report recommends that direct community and NGO involvement in public programs serve as an element of stability and consolidation in the delivery of basic needs.

B. PVO's in Development in the Dominican Republic

Over the years, the Dominican Republic has had an active PVO movement. In the last twenty-five years, the country has witnessed the establishment and growth of numerous private, non-profit Dominican institutions whose purpose is to work for the social and economic development of the country. These institutions have been legally registered under a decree promulgated in 1920 which guarantees a broad right to any group of five or more persons to join together in an association for non-profit purposes. During the past 68 years, over 2,500 such organizations have been registered under the decree (although not all of these remain active or serve purposes relevant to social or economic development). In a survey undertaken in 1983, it was estimated that there are about 400 organizations which would at least loosely qualify as a PVO in the Dominican Republic today.

C. Relationship to A.I.D. Strategy.

1. A.I.D. Strategy

A.I.D.'s mandate concerning the need to address the critical needs of the poor derives directly from the funding legislation. Sec. 101 of the Foreign Assistance Act dictates that the first of four basic goals of USG development cooperation is the alleviation of the worst physical manifestations of poverty among the world's poor majority. In the same Section, Congress goes on to declare that "The principle purpose of United States bilateral development assistance is to help the poor majority of people in developing countries to participate in a process of equitable growth and productive work and to participate in decisions which shape their lives."

An important mechanism for achieving the goal of the FAA objective . enunciated above has been A.I.D.'s work with PVOs. This steadily growing cooperation with the private and voluntary agencies reflects the U.S. Government's belief that the programs of PVOs and NGOs embody the traditional humanitarian ideals of the American people and support a principal objective of the foreign policy of the United States -"the encouragement and sustained support of the people of developing countries in their efforts to acquire the

knowledge and resources essential to development and to build the economic, political and social institutions which will improve the quality of their lives." (Section 101, Foreign Assistance Act "FAA".)

A.I.D.'s strategy for expanding cooperation with private voluntary organizations is established by the A.I.D. Policy Paper issued in September 1982 on Private and Voluntary Organizations. The policy determination provides for "increased emphasis to be placed on country program integration in order to maximize the effectiveness of scarce development resources in the Third World. It is a tenet of Agency policy that under certain circumstances PVOs and NGOs represent the most efficient mechanism for A.I.D. to bring development, and improvement in social well-being to the poor. The Agency's interest in the PVO mechanism derives from three basic principles:

- By virtue of their links with private institutions in the Third World, PVOs can be a means for effectively engaging the rural and urban poor in their nation's development.
- By virtue of their support within the United States, PVOs can be a means for mobilizing among the general public not only a broader awareness of the pressing needs of developing Third World countries, but also for generating private resources for international development.
- As a heterogeneous group of agencies reflecting the diverse nature of American society, PVOs active in developing countries embody the basic American values of pluralism, voluntary action and concern for others.

As a result, A.I.D.'s 1982 Policy Paper establishes nine basic principles or requirements for Missions to ensure effective implementation of A.I.D.'s policy objective of increasing PVO and NGO participation in country programs:

1. Increased emphasis needs to be placed on country program integration;
2. Voluntary agencies should be given ample scope for independence in the actual design of project activities;
3. A.I.D. must reserve the right to reject, approve, or seek modifications in the final package for which the PVOs seek approval;
4. Funding for PVO programs should be viewed as complementary to other A.I.D. assistance;

5. The legislated non-USG funding requirement will be applied in determining whether a U.S. PVO qualifies for grants available under the PVO grant program;
6. A.I.D. links the concepts of cost-sharing and program independence in its grant relationships with PVOs;
7. Emphasis should be placed on utilization of existing U.S. PVO capacity to undertake field programs;
8. The diversity of the PVO community should be taken into account by A.I.D.;
9. The PVO administrative relationship with A.I.D. will be simplified.

The proposed PVO Co-Financing Project fulfills all the principles established in A.I.D.'s 1982 and subsequent policy guidances.

2. Mission Strategy

a. General

USAID's major development thrust in the Dominican Republic is to foster sectoral policy reform and expanded private sector growth which will promote economic growth in general and specifically foster employment creation. Through employment creation, the poorer segments of the population will be better able to address their nutrition, education, housing and health needs in a manner most suitable to their individual situation. However, the Mission recognizes that requirements for social services to fill those needs will continue to exist for some time, particularly for the more economically isolated elements of Dominican society. Growth in employment and incomes in the productive sectors will eventually improve the overall well-being of lower income groups. This has been adequately demonstrated in a recent evaluation of the impact of the Mission's private sector growth strategy. However, until there is broader sharing of the benefits of private sector growth there will continue to be hard core social problems that must be addressed directly to ensure social and political stability during this transition period. The Mission's currently approved strategy contemplates dealing with these problems. As a key element of this strategy, we are seeking to increase the involvement of PVO's, NGO's and other private sector entities working in social sectors. This is particularly important in the Dominican Republic given the weakness of its public sector institutions (i.e., lack of civil service system) and the large number of effective PVOs and NGOs which offer a viable alternative to the public sector.

As a result, USAID's approved strategy aims to provide selected interventions to address the critical needs of the poor, especially those that tend to be more geographically and economically isolated. However, the mechanisms available to USAID for addressing the needs of the poorest sectors of the economy are limited. The grassroots approaches which generally prove most effective in addressing the needs of the target beneficiaries involve relatively small-scale activities which on a per dollar disbursed basis tend to be management intensive compared to other AID projects. However, increasing budget constraints, personnel reductions and monitoring responsibilities require that USAID find a mechanism to handle large numbers of such small projects efficiently. Experience has demonstrated that PVOs and NGOs provide an excellent mechanism to address broad based, small scale approaches which assist the poor at the grassroots level. The Dominican Republic's active PVO movement and many PVOs have presented USAID with interesting projects which could assist the needs of the poor in the manner envisaged by this USAID thrust. But, given the enormity of the problem and the limits on USAID personnel/management resources, assistance must be limited to those selected interventions which: address the most critical needs; the USAID can oversee; and involve a PVO with both experience and some resources.

3. Relationship to Specific Mission Objectives and Other Mission Projects

a. General

Many aspects of the PVO Co-Financing project were developed based on the Mission experience with past PVO projects and their support to Mission objectives. Annex I. provides a detailed historical listing of PVO projects in the USAID portfolio. Some notable examples of current PVO operations within the USAID portfolio and how they relate to Mission Objectives as outlined in USAID's Action Plan are described below.

b. Improve Health and Child Survival

USAID has developed a project portfolio that addresses the most important health problems facing low income Dominican families by focusing on child survival.

In 1988, USAID signed a Cooperative Agreement with Save the Children Federation for a \$5 million Child Survival Project, (0239) which will in turn provide subgrants to local indigenous PVO's to implement growth monitoring, promotion of breast feeding, use of oral rehydration salts and prevention of respiratory diseases. Mechanisms for dealing with local PVOs are being established under this project.

In addition to the Child Survival Project and LAC Accelerated Immunization Project, which aim to reduce infant and child mortality rates, the Mission implements the Family Planning Services Expansion Project, (0229) with the PVO PROFAMILIA. In addition to reducing population growth rates, increased birth spacing is correlated with reduced infant and child mortality rates. The Mission also funds several water and sanitation projects (some with local currency funds), which aim to reduce the incidence of diarrheal diseases, an important cause of infant and child morbidity and mortality.

Moreover, the CARE administered PL-480, Title II, Food for Peace Program, which collaborates closely with the Child Survival Project, promotes child survival by providing supplementary feeding to malnourished infants and children and pregnant and lactating women.

As a result of special environmental and social conditions found in the Dominican Republic, the Mission must also focus on reducing the incidence of dengue, malaria, and AIDS, which affect not only children but Dominicans of all ages. Conditions are ripe for a major dengue outbreak in the Dominican Republic in the near future, which could result in hospitalization of thousands of people and many deaths. Malaria is endemic to the island, resulting in sporadic outbreaks and deaths. With regard to AIDS, some 1,000 cases have been reported to date and approximately 60,000 Dominicans are estimated to be HIV positive. USAID is exploring ways of getting PVOs involved in combatting these diseases, particularly in the areas of information dissemination and education.

Since August, 1985, USAID has been supporting an Operational Program Grant in the amount of \$430,000 to CARE to increase the quality and quantity of available water supplies and levels of sanitation (0232) and community awareness in 50 to 70 rural villages (containing some 33,000 to 41,000 beneficiaries) located in four southwestern provinces of the Dominican Republic. The project provides: a) improved water supply; b) improved waste disposal through family latrines; c) improved family health practices through trained health promoters; and d) established maintenance systems through functioning water associations. The project is decreasing the incidence of water-related diseases and increasing the overall health status of the targeted communities. There is a particularly positive impact on child survival. CARE is coordinating the activities with the GODR's Ministry of Health, Instituto de Aguas Potables y Alcantarillados (INAPA) and the Peace Corps.

c. Increase Agricultural Production, Manage and Preserve Natural Resources

The A.I.D. financed Natural Resources Management (NARMA) Project (0126) demonstrated three key elements to addressing watershed management problems. First, local interest groups must be involved in the planning and implementation of watershed management plans. Secondly, watersheds need to be broken into more manageable units along sociocultural (i.e. community) rather than geographic boundaries. Entire watersheds are too big for effective planning purposes, and include communities and areas with very distinct needs and requirements. Finally, specific interventions aimed at small hillside farmers must increase their incomes while simultaneously promoting the conservation and revegetation of hillside lands.

The hillside agriculture and natural resources management to be funded under the PVO Co-Financing Project will also complement the Commercial Farming (0214) Project's efforts to promote nontraditional crop production and the work begun by the fuel woods component of the recently completed Energy Conservation Project (0144) to promote the establishment of "energy plantations". Some of the natural resource subgrants under the PVO Co-Financing Project will serve as a precursor to the Forestry Policy Development Project proposed for FY 1991 which will focus on those policy changes needed to: (1) encourage the commercial development of forests and forest-based industries; and (2) ensure the protection and preservation of the country's forest resources and biological diversity.

d. Strengthen the Private Sector

The Mission currently supports several PVO's which extend credit and technical assistance to micro-enterprises in the informal sector. ADEMI, (Asociación para el Desarrollo de Micro-Empresas, Inc.) which was founded in 1983 by a group of Dominican businessmen, is the largest with 20 offices nationwide. It has provided credit to more than 6,000 microenterprises which have created more than 7,000 jobs. Recent figures show that 38 percent of loans being extended to new clients are going to women. ADEMI received an OPG in 1984 for \$499,000 and has received local currency support totalling RD\$3,050,000.

PROAPE/FONDESA, (Programa de Asistencia a la Pequeña Empresa/Fondo para el Desarrollo) provides credit and technical assistance to small business and microenterprise clients in Santiago. Approximately 30 percent of its loan beneficiaries are women. FONDESA currently has about 300 clients and has received local currency support of RD\$882,550.

IDDI (Instituto Dominicano de Desarrollo Integral) has a microenterprise credit program with a current portfolio of about RD\$300,000 as well as a program directed towards solidarity groups which the Mission supports with local currency. More than RD\$816,000 has been approved for this program which is currently being disbursed in quarterly installments. Solidarity groups consist of about six entrepreneurs, usually vendors who join together so that they can negotiate better prices on their supplies. One loan is extended to the group and each member is responsible for paying back his/her share.

ADOPEM, (Asociación para el Desarrollo de la Mujer) is an affiliate of the Women's World Banking. It extends credit and technical assistance to enterprises which are at least 50 percent owned by women. Local currency totalling RD\$1,000,000 has recently been approved for its microenterprise program. Its current portfolio for this program is about RD\$1,500,000 and it has about 1,500 clients.

e. Improve Educational Opportunities

Because of weaknesses in the country's educational and training capabilities, USAID has developed an extensive experience of working with PVOs and NGOs in these areas. The Graduate Management Training Project (0157) has established both MBA and MPA programs within a local private university to provide qualified managers for the private and public sectors. Recognizing tourism as an industry with demonstrated high growth potential, the project has also assisted in the development of a hotel school within the University.

The expanded and extended Development Training Project (0216) will train public and private sector employees in priority areas for which no on-going project exists, and will continue to train key private sector personnel in export-oriented companies. The \$15 million project is managed by two local PVOs.

The University Agribusiness Partnership Project (0243), which starts in FY 1989, is an institutional development activity with the private Superior Institute of Agriculture (ISA). The purpose of the project is to strengthen in-country institutional capability to provide better trained managers and technicians for the agriculture sector, as well as consulting services and in-service training opportunities to upgrade the management skills of both public and private officials working in the area of rural development.

Finally, local currency funding is being utilized in support of PVO- and NGO-sponsored vocational programs, a graduate educational center, tourism training, scholarship activities, and in the areas of private sector training, radio education, and intensive in-country English language training.

g. USAID's Small Development Activity Fund (SDAF)

USAID's attempts at reaching the poor of the Dominican Republic through the SDAF complement our PVO approach. USAID annually provides US\$85,000 for small self-help type activities undertaken by small community associations who, because of their size and nature, do not fit under A.I.D.'s more formal project development system. USAID annually funds self-help water projects, artisanal, sewing and school garden type activities through SDAF. Because of the linkage with Peace Corps technical and administrative assistance, this program is becoming another visible demonstration of A.I.D.'s interest in the more marginal -- albeit dynamic elements of Dominican society.

D. Project Rationale and Strategy

1. Alternatives Considered

a. Providing Social Interventions through Public Sector Agencies

The GODR has several departments and institutions which work at the rural community level. As detailed in Section II.A.2, most GODR agencies working in the rural and social settings have very weak organizational structures which limit their outreach and prevent them from effectively serving the rural dwellers living in remote areas. Furthermore, the coordination of activities between those agencies is limited or nonexistent in most cases. Institutions such as the Community Development Institute (ODC) and Credit Union Institute (IDECOOP) which work specifically on the promotion and support of agricultural cooperatives and associations suffer from a high centralization of project management, high personnel turnover and lack of adequate financial and technical support to their projects.

Any efforts on the part of USAID to benefit small community groups would be severely handicapped if resources were to be channeled through existing public sector institutions. An evaluation of the Secretariat of Health's Rural Health Services Unit (SBS) by Management Sciences for Health (1983) observed: "Moreover, in cases where it is considered essential to work through the GODR on such areas as immunizations or large scale delivery of child survival interventions in the health sector, the Mission already has ongoing projects with the appropriate Ministries. These projects are clearly seen as 'high risk' and 'high gain' efforts since if they accomplish their goal, they will have great impact, yet implementation is often thwarted due to public sector inefficiencies." The evaluation pointed out many constraints which still exist today. In 1983, promoters' and supervisors' productivity was low and there was little tangible output in areas other than immunizations and possibly family planning. The supervisory system was nearly non-functional. There was almost no continuing education and re-training. Data collection and the information system were weak and unreliable, hindering the systematic, constructive evaluation. Logistics problems abounded. There was a lack of flexibility, due to little decentralization of authority to the regional level. To help correct some of these deficiencies, AID initiated a project in 1984 to improve the Secretariat of Health's administrative capacity. Considerable progress has been made, however there are still notable gaps in its ability to reach target beneficiaries.

b. Providing Social Interventions Through Local Non-PVO
Institutions Established Under Other USAID Projects.

USAID has developed or is seeking to develop a number of institutions which competently manage development programs in rural and urban settings as mechanisms to foster agribusiness and free trade zone development, agricultural diversification and, more recently, private basic education. Because of their solid performance record, USAID considered the possibility of amending their scopes of work and in some cases project papers to add specific social interventions to their responsibilities. This alternative was discarded because it would be distracting from the prime purpose of the institutions involved and would jeopardize achievement of the institution's original objectives.

c. The Use of a Local/US PVO as an Umbrella Organization

The use of a local PVO in collaboration with a U.S. based PVO has historically been used by Missions to reduce the management burden of PVO activities. This approach has the advantage of lumping all the proposed activities into a single project paper or OPG proposal and assumes that the joint US/local PVO will have the capabilities required to undertake all of the varied tasks which evolve those activities. USAID would have to detail the criteria to be applied for approval of proposals and project selection. These criteria would then form the basis upon which a US PVO and local PVO would implement the project.

Review of other Mission PVO programs have shown this scenario often encounters difficulties in terms of the USAID's limited involvement in implementation. For example, USAIDs are able to establish general guidelines for project selection which are agreed to by all the parties involved. However, during implementation of the project, unanticipated issues of importance to the USAID may arise such as environmental concerns, requiring mid-course changes opposed by implementing organizations. By granting implementation authority to umbrella organizations, the USAID's ability to impose such change is severely limited.

Choosing a local PVO for the "umbrella", as either a sole implementor or jointly with a US PVO raises the question of whether there is a suitable PVO in the Dominican Republic. One example of a Dominican PVO considered as a possible local "umbrella" was CEDOIS (Centro Dominicano de Organizaciones de Interés Social). CEDOIS is considered by many as a key player in the PVO sector of the Dominican Republic. However, at the present time, CEDOIS is under consideration for grants by three different donors:

-A Local Currency grant of the equivalent of US\$80,000 from USAID/STP which will permit it to carry on and expand its training and technical assistance activities during a two-year period. This grant was approved by USAID on July 19, 1988, but has not yet been disbursed by STP.

-A grant of US\$50,000 from Inter-American Foundation to enable CEDOIS to channel about 15 subprojects of about US\$3,000 each over a period of 12 - 18 months for small community development projects.

-A grant of US\$50,000 from Inter-American Development Bank (IDB) for a two to three year project to permit CEDOIS to step-up its training and technical assistance program.

Should these grants be approved, CEDOIS' management responsibility will be increased from an average of US\$20,000 per year to more than \$150,000 per year, thereby effectively saturating its administrative capacity.

In 1986, CEDOIS proposed to USAID that it might play the role of an "umbrella organization". However, during review by a USAID consultant, the suggestion was found to have two basic problems:

-CEDOIS is viewed by its members as a representative organization rather than a screening organization. This perception could lead to conflicts among the membership regarding grant awards, and perhaps affect the objective of awarding grants based on the merits of a proposal;

-CEDOIS does not have the institutional capability to undertake the functions of implementation/accounting/ monitoring required of an implementing agent in this project.

Therefore, the USAID does not believe that CEDOIS would be the appropriate implementing agent for the project. However, USAID does believe that CEDOIS can and should contribute to the project. That role could be as outlined in Section II.G.2. The nature of CEDOIS's contribution will be reviewed in greater detail during project development.

A canvassing of the extensive list of local PVOs shows that no other local PVO has the capacity to administer a large PVO support program. The more general developmental PVO's such as Fundación para el Desarrollo del Sureste, Inc. (FUNDESIRE) or Instituto para el Desarrollo del Suroeste (INDESUR) do not have the technical capability to perform the service/implementation requirements of a large program. Those which have this capability, such as Asociación para el Desarrollo de la Microempresa, Inc. (ADEMI), would expand the purvue of its mandate to such a degree as to threaten the basic purpose of the organization. Finally, as has happened in other umbrella projects, selection of a local PVO as a sole implementor (or even jointly with a US PVO) would subject that institution to local political pressures which it could not ignore. It would also strain the relationships within the local PVO community should one of it members suddenly gain control of a large sum of funds that all would be competing for.

d. The use of a Dominican Program Committee for the Subproject Selection Process

The use of a Program Committee, composed of distinguished Dominicans invited by USAID to serve the function of policy and subgrant selection, might assure that projects are responsive to development needs and the peculiarities of working in the Dominican Republic, and provide some additional degree of flexibility. However, the relationship between such a Program Committee and the service/implementation institution, and between the Program Committee and the PVO Development Fund will be difficult to structure. In the longer run, USAID would like to explore the idea of using such an advisory program committee, approximately 18 months into the project's implementation.

Due to the nature of this project and the USAID's desire to remain very involved in early implementation, it has been determined that the complete delegation of the decision-making authority for individual subgrants to a PVO, or other private contractor is not feasible. Such an approach assumes a level of articulation of criteria that the USAID, for reasons stated above, cannot make in the initial stages of this project. In light of the above, the Mission decided that no single organization could sufficiently carry out all the functions for a successful PVO strengthening project such as contemplated here.

e. USAID Implementation Through the Use of Individual Personal Services Contractors

Because of the LAC Bureau's concern that working with PVOs through an intermediary limits the opportunity for A.I.D. to work directly with local community organizations (and other similar concerns outlined in the LAC Approval Cable), the Mission was encouraged to consider having a USDH or OE-funded PSC manage the project and "utilize program-funded PSCs to assist subgrantees as appropriate".

The current project recognizes the objectives of direct and visible contact with the PVO community. However, after careful Mission analysis, it was determined that the "direct approach" using individual PSCs to undertake this significant PVO operation placed an unreasonable demand on the capacity of the Mission to house and manage the program and thus was not feasible. The proposed use of 11 directly hired PSCs would greatly increase the contracting and controller burden on the Mission in dealing with a series of relatively small PVO grants.

The USAID portfolio currently contains approximately 34 DA funded projects. The PVO Co-Financing project contemplates 35 subgrants or "projects" which require direct Mission oversight. This in effect would double the Mission workload. In addition to the review and evaluation of proposals and the monitoring and evaluation of subgrants, a substantial increase in AID's direct involvement in PVO activities with local institutions would also place an enormous burden on the Controller's Office for accounting, financial assessments, reviews and local audits. The PSC approach proposed by LAC would also create a significant management burden on existing offices such as the Program Office which will manage the project; the Controller's Office which will process 35 individual budgets, financial reports, advances, vouchers and payments, as well as assure financial management integrity of PVO's; and the Contracts Management Office which will execute the 35 separate Grant Agreements.

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The hiring and support of 11 new PSC positions would constitute an immediate increase of over 11 percent of the entire Mission, and significant staff increases geometrically increase strain on Mission personnel support systems which include the Offices of Personnel, General Services, Contracts and Management. With 11 new PSCs --assuming the Mission could get the "ceiling" for them in light of the latest security guidelines on personnel ceilings at posts-- basic Mission administrative support is required. Classifying the positions through the Personnel Office, individual advertisements, different selection processes, contract negotiations and orientation and training and finding office space and equipment would place a great strain on the existing support system of the Mission. This strain would continue through payroll, personnel evaluation, travel, and office support. Therefore, it has been determined that the individual PSC approach suggested by LAC would not be the most efficient or effective way of implementing this project.

The design team compared the individual PSC approach to that of an institutional contract, where only one contract process is undertaken with a scope of work that details descriptions for the required TA positions. With this mechanism, an institutional contractor is expected to manage its own administrative support.

Therefore, the approach that was selected provides for a USPSC to manage the project together with a contracted PVO support team which will handle financial and management functions, while providing the USAID with the desired visibility and direct oversight functions that AID/W suggested in its guidance. This strategy will demonstrate that with proper management, a lower PSC and OE level of effort will more effectively achieve the project's goals.

2. Proposed Project Strategy

USAID's project strategy is to address the immediate, critical needs of the poor by financing selected PVO implemented interventions which are consistent with the Mission's overall strategy. However, to increase USAID's relationship with PVOs whose activities are smaller and more community-oriented, a more efficient administrative mechanism must be developed. This essentially encompasses the two major elements of the PVO relationship with A.I.D., i.e. a funding mechanism and a system for administering the fund. The proposed approach mirrors the Agency's general approach that A.I.D. can reach the poor by financing PVO activities and that, through increased PVO activities and association with A.I.D., individual PVOs and the PVO movement in general develop technical capacity to better manage programs and finances. At first, A.I.D. is expected to provide guidance and help to the PVOs in their initial efforts and then gradually reduce its administrative input as they are able to fulfill A.I.D.'s requirements and possibly branch off to other financial backers.

Evaluations of similar attempts in other countries to foster a more efficient PVO management approach offer some important lessons. First, the mechanism should not be designed in such a way as to create distortions in the local PVO environment by overstressing a local PVO to play an "umbrella" role with large amounts of funding it cannot handle. Secondly, the system developed by the Mission should carefully consider potential political factors which would affect project integrity or effectiveness. And, finally, such projects require a great deal of attention and caution at start-up.

The Mission believes that the most solid initial approach is to clearly define the policies, both activity and organizational criteria and the administrative, technical and financial functions that will define the PVO portfolio under this project. This is required in order to focus on a few areas that will be manageable within the experience and resources of USAID and the PVOs. USAID will initially articulate these policies and guidelines, to the PVOs themselves to assure their basic understanding of the project. USAID will then develop a PVO Coordinating Unit. This will serve as a political buffer to local pressures on specific PVOs serving as USAID's umbrella and provide the Mission with the degree of control necessary to ensure that PVO activities financed are chosen on the basis of technical and administrative criteria which are in keeping with the Mission's overall strategy.

E. Project Goal and Purpose

The goal of the PVO Co-Financing Project is to improve the well being of geographically and economically isolated lower income groups. The project purpose is to increase the capability of PVOs and NGOs to deliver selected services and other resources to the poor. The expected focus of these interventions will be in natural resource development as well as health, water and sanitation activities and community development. Other types of interventions will be considered on a case by case basis to the extent they fit within USAID's strategy for the Dominican Republic. In order to achieve this purpose, the project will establish a mechanism which will improve and streamline the budgeting, project development, design and approval processes and the administrative, technical and financial management of USAID's portfolio of US and local Dominican PVO projects, while maintaining a clear and visible commitment by USAID to the PVO community, their objectives and their members.

F. End of Project Status

By the time the Project ends in September 1996, approximately 300,000 rural and urban poor will have directly benefitted from PVO projects supported by the PVO Co-Financing project in such areas as hillside agriculture, health delivery, water and sanitation, natural resources management and community development. The Institutional Analysis attached as Annex G suggests that more than 1 million indirect beneficiaries can be expected. Approximately 20 local PVOs will have been institutionally strengthened by undertaking subgrants financed by the Co-Financing project. Finally, USAID's links with the Dominican Republic's low income groups and the PVO community will have been given considerable higher visibility.

G. Project Components

1. Private Voluntary Organization (PVO) Fund. The project contemplates a PVO activity fund of US\$12.7 million dollars. Six million two hundred thousand dollars (US\$6.2 million) in Development Assistance (DA) funds authorized as part of this project will be provided to the fund. Another \$4 million in local currency will be added to the Fund in Trust to A.I.D. by the GODR from pesos generated under PL 480 and ESF programs. Both DA and Local Currency Program Trust Funds will be handled according to the same procedures. The participating PVOs will be required to finance a percentage of subgrant Costs. This amount is expected to be approximately equivalent to US\$2.5 million in local currency. Since USAID will sign the subgrants directly with the PVOs, Handbook 13 will govern those procedures where appropriate, as well as other A.I.D. policies.

Local Dominican PVOs which address critical development areas and which have demonstrated project administration and financial management capabilities will be encouraged to apply for financing for specific activities. US PVOs which enter into a joint venture with a local Dominican PVO can also participate.

Based on a historical average of PVO projects financed by A.I.D., it is anticipated that approved PVO subgrants will normally be around \$200,000 or equivalent in local currency. During the intensive review, the Mission established a minimum of \$50,000 and maximum of \$1,000,000 per grant. Exceptions will be considered on a case-by-case basis. Beneficiaries must be from the lower income groups in the Dominican Republic. Eligible grant activities are expected to be in the areas of natural resource management and related agricultural activities; small-scale health, water and sanitation projects; and community development. Other areas will be considered on a case-by-case basis to the extent they fit within USAID's country strategy. The criteria for funding outlined in Section III. F., will assure diversity in terms of kinds of PVOs, regions represented, and nature and size of proposed activities.

2. PVO Fund Administration.

a. Program and Financial Administration. USAID will be responsible for administration of the PVO fund, including final review and approval of proposals as well as signing of subgrants. The Mission will establish, articulate and up-date policy guidance on the nature and size of acceptable activities and eligible PVOs as well as target beneficiaries, and select and execute grants to successful subgrantees. USAID will exercise proper financial controls as is customary with all PVOs and NGOs. In order to assist the Mission in project start-up, USAID anticipates hiring a US PVO Coordinator for a two year period. This person would be familiar with A.I.D. policy and procedures and assist with project design and start-up. The GODR would review

the Scope of Work of the PVO Coordinator through co-signing of the PIO/T, which will earmark funds to contract for this individual. The USAID PVO Coordinator and Technical Offices will be assisted by a competitively hired local contractor (PVO Project Support Team) who will carry out eight functions:

- programming and budgeting
- assistance to PVOs on grant proposal development (pre-approval) and design
- preliminary review, technical feasibility analysis, and oversight for USAID
- assist subgrantees in financial management and coordination
- economic and financial appraisal of participating institutions
- evaluation
- preparing for pre-audit of PVOs and activity auditing function
- implementation follow-up

Since subgrants will be made directly between USAID and U.S. or local PVOs and NGOs, USAID's Controller's Office will be responsible for handling the funds. To assist that office in carrying out this responsibility, a bank or similar institution and an independent auditing firm will be contracted using project funds for project-wide financial implementation. In addition, one new FSN position (a Financial Analyst) will be assigned to the Controllers Office.

The project envisages a long-term administration contract team (PVO Project Support Team) of approximately nine (9) technicians over the anticipated 52 months of the contract to carry out these functions. The team will include:

- (1) chief-of-party program manager
- (2) program associates
- (1) Agriculturalists
- (1) Health and sanitation experts
- (1) Financial Management Associate
- (1) Accountant
- (2) Administrative support personnel

While team will be provided through a local institutional contract, preference in the solicitation documents and during the selection process will be given to firms hiring former Peace Corps Volunteers (RPCVs) from the Dominican Republic because of the special skills and knowledge of the country that these individuals have gained during their work in the country. It is anticipated that upon completion of this contract the project would be in a phase-down mode and monitoring responsibilities could be covered through the Mission's own resources or through the hiring of a local PSC.

The successful contractor would also be expected to provide approximately 18 person months of short-term technical assistance from local sources in the areas of financial management, specialized technical fields as is warranted, as well as advertisement of A.I.D.'s interest in soliciting PVO proposals and training local PVOs on how to work within USAID's procedures and policies.

b. Institutional Strengthening for PVOs. The Fund Administration component contains an institutional strengthening subcomponent which funds technical assistance and training elements to assist PVOs to improve proposal presentation, project administration and financial management. This will include inter alia orientation workshops, seminars, a USAID Quarterly PVO Newsletter, a subproject for limited PVO strengthening activities and a small project development and support fund.

In order to address the needs of PVOs and the constraints of USAID to provide assistance, a fund will be established within the PVO Co-Financing Project from which the expenses for additional technical assistance and other forms of operational support of selected PVOs can be filled. The amount of funds available for this purpose will be US\$210,000.

Under this fund, PVOs will be able to obtain through outside contracting or other appropriate arrangements:

- design services for specific proposal development above and beyond the assistance normally provided by USAID or CEDOIS;
- workshops relevant to the needs of PVOs in terms of development activities;
- specific technical expertise that a PVO might require: and
- development of skills or assistance to manage their overall program.

This fund concept will enable USAID to broaden the base of potential PVOs which would be able to take advantage of the PVO Co-Financing project.

The Project will establish a local PVO training subproject to enhance the capacity of local PVOs to undertake projects promoting development and social goals in the Dominican Republic. This could be done by training qualified groups in project design, management and analysis. As a follow-up, groups might be given individual assistance in managing specific community subgrants. Attempts would also be made to provide link-ups between organizations and resources. Local PVO consortia, such as CEDOIS, would be considered recipients for such grants.

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7.7A

To assist smaller PVOs the project envisages two roles for CEDOIS, which is a Dominican consortium of 47 non-profit development oriented organizations. These are:

- Facilitating proposals by member organizations. CEDOIS can assist member PVOs to develop an improved presentation of their proposal, upgrade their administrative or accounting procedures, or otherwise assist the presentation of proposals to the USAID or other programs. In this role, CEDOIS would neither put the proposal forward nor receive grant funds on behalf of the implementing PVO, but would play a facilitative role.
- Acting as intermediary for smaller organizations. This would include the facilitating services described above. But in this case CEDOIS could act as principal on behalf of a member organization by putting the proposal forward in CEDOIS' own name, receiving, disbursing and taking responsibility for funds and project performance. In this role, the CEDOIS proposals would be evaluated with the same criteria as and with standing equal to all other subgrants received.

Several other Dominican private voluntary organizations which have the capability to perform the facilitating and intermediary functions described above will also be considered in the same manner.

A critical element of project success is developing a strong positive relationship between USAID and participating PVOs. This will require an information gathering and dissemination element to introduce both sides to the capabilities of the other. As a result, a component has been incorporated into the project to provide for improved communication and information dissemination aimed at advising PVOs of USAID's new program, informing them on how to register or submit proposals and how to manage project implementation and finances in accordance with USAID procedures. Activities under this component will include orientation programs, workshops and seminars on issues such as project design, implementation and financial management and a Quarterly USAID PVO Newsletter to keep PVOs informed on the kinds of activities underway in the USAID project. The training of local PVOs and the project's Technical Assistance fund of US\$210,000 are also mechanisms aimed at increasing local PVOs knowledge of project and program management and A.I.D.'s financial management and general reporting requirements.

This institutional strengthening subcomponent addresses an important objective of the PVO Co-Financing project in that it attempts to promote and strengthen local PVO capacity to expand their capabilities, enlarge the pool of beneficiaries assisted by them and undertake a wider range of development activities.

H. Expected Impact/Achievements.

The project's goal is to alleviate the immediate critical needs of the poor by expanding the ability of PVO/NGOs and USAID to provide outreach and service delivery at the grass roots level in such areas as health, natural resource management, water and sanitation activities, and community development.

The direct impact of A.I.D.'s project is intended to be on the beneficiaries of the PVO subgrants. Since PVO/NGO subgrants vary greatly in size and nature, a quantitative estimate of beneficiaries is difficult to make. Target groups, however, will be rural and urban poor with incomes under US\$40 per month. As part of the Mission's effort to institutionalize WID activities throughout its portfolio and program, selection criteria will place special preference on subgrant proposals that contain in their design, direct developmental impact benefiting women in the target areas.

To provide an idea of the extent of beneficiaries, USAID has looked at recent experiences with local PVO programs financed by USAID. In eight recent PVO projects in health, sanitation and water, approximately 6,000 beneficiaries participated. This project envisages about 35 subgrants in community development, health, water and sanitation, and small farm hillside agriculture, or 300,000 direct beneficiaries. While twenty are predicted, as many as thirty local PVOs will benefit in terms of improved technical and financial management capabilities by participating in the project.

I. Illustrative Summary of Subcomponent Activities

Previous reviews of other PVO projects have recommended that an illustrative list of potential subgrants conceived for such projects be included in the project description. Such an illustrative list will help visualize possible, priority areas under which subgrants will be funded in the USAID/DR PVO Co-Financing Project. The following list is illustrative. Approval would depend on the procedures, requirements and criteria outlined in the Implementation Plan. For purposes of this Project Paper "Project" generally refers to the PVO Co-Financing Project; "Subcomponent" refers to one of the specified activity areas covered by the project; and "Subgrantee" shall refer to the individual grantee activities funded and carried out under this project. Possible subgrant activities would include but not be limited to:

1. NGO Pilot Health Delivery Subcomponent would develop a mechanism to expand private sector health care systems to lower income groups in Santo Domingo. Results of studies funded by the USAID since 1985 and discussions held with private-for-profit health care providers, indicate that private providers are willing and able to deliver health services to low income populations, if they have access to technical assistance, training and, possibly, loans to finance start-up costs. The proposed NGO Health Delivery Systems subcomponent would experiment with financing such activities as establishing satellite clinics in marginal urban cities or Free Trade Zones, or preparing health packages for companies that are aimed at minimum wage earners.

2. Water and Sanitation Subcomponent would be a subcomponent directed to providing village water supplies to impoverished villages in remote regions and marginal urban areas of the Dominican Republic. Wells would be drilled in the majority of project villages, and where feasible, gravity-flow systems would be installed. The construction of family latrines would be promoted in each participating village and urban area as well. It would be envisaged that the provision of safe water and latrines would be complemented with health workshops carried out by Peace Corps and PVO personnel directly training villagers as health promoters. One of the basic elements of USAID's third goal of providing critical services to the poor is the improvement of health. The most essential elements of child survival and preventive medicine is clean water and improved sanitation methods.

3. The Upland Irrigation Development Subcomponent would increase incomes of up to 1,000 small hillside farmers by involving them in sustainable, yet more intensive agricultural systems through the use of irrigation in conjunction with agroforestry and soil conservation technologies. The subgrant activities would construct small scale, gravity fed irrigation systems in upland valleys which increase from 1 to 3 the number of crops per year achieved by farmers, increase participating farm family incomes at least 2.7 times over what they earn from traditional farming practices, and reduce erosion caused by traditional farming practices by a factor of 5. Systems would incorporate soil conservation and agroforestry technologies to lessen the impact of intensive farming in the irrigated areas, and would promote reforestation of areas surrounding the systems' water sources.

Technical assistance would be required to develop agreements between participating farmers and implementing PVOs, in the design of small scale irrigation systems, in the use and maintenance of these irrigation systems, and in the agronomy, post harvest handling and marketing of the new crops. Assistance in accessing credit funds could be provided through this subcomponent, or credit could be provided through other A.I.D. projects, to finance the purchase of equipment and materials, and the design of the irrigation systems.

4. Small Scale Commercial Forestry Plantations Subcomponent would increase incomes of subsistence hillside farmers and restore the protective cover of watersheds through the establishment of forest plantations on hillside lands. (This subcomponent could work in conjunction with the upland irrigation development subcomponent).

The subcomponent would: (1) finance the planting of forest trees species on hillside lands in targeted watersheds; (2) provide medium and long term cash crops for hillside farmers; (3) stabilize hillsides and reduce erosion; and (4) restore the capability of the watershed to supply sustained flows of water.

Technical assistance and training would be provided in the selection of tree species, management of forest plantations, and marketing of forest products.

5. Commercial Agroforestry and Perennial Crop Production Subcomponent would increase incomes of up to 2,500 hillside farm families, on over 100 to 5,000 hectares who have no access to valley lands or irrigated areas by assisting them to convert from subsistence annual crops to more stable and sustainable perennial crops while improving the protective cover of the watersheds' hillsides. Technical assistance would be provided in soil conservation, agroforestry, and in high value perennial crop production, post harvest handling and product marketing. Funds could be provided as credit by the PVO under a revolving credit mechanism, to finance the first four to five years of production.

6. Community Development and Self-Help Subcomponent would improve the living conditions in rural villages as well as marginal urban areas. With PVO's and other community groups which are working in the improvement of health, education, and other social conditions of these sectors, subgrant activities will be prepared to assist in the development of employment generating activities as well as improvements in sanitation conditions of the poor neighborhoods. Since community needs are diverse, subgrant activities might include rural road improvement, home and school improvement, construction of safe water tanks, latrines, etc.

J. Other Donor Activities.

1. German assistance to the PVO community is estimated at \$1 million per year. Types of projects include health and agriculture but also religious organizations and representatives of German political parties. Project proposals are submitted in Germany to a parent organization on behalf of a counterpart Dominican PVO.

2. Assistance from the Netherlands resembles USAID's Small Development Activity Fund. The Netherlands funds approximately \$1.5 million per year through small projects to PVOs in the areas of health and agriculture. The number of projects varies between 20-25 per year.

3. The Inter-American Development Bank (IDB) is considering a project to CEDOIS to up-grade its training and technical assistance program to member PVOs.

4. The Inter-American Foundation is providing CEDOIS with an umbrella grant of approximately \$50,000 to fund approximately 15 small community development projects.

III. ADMINISTRATIVE AND IMPLEMENTATION ARRANGEMENTS

A. General Description

The project will be signed between USAID and the Technical Secretariate of the Presidency. The Project will be managed by USAID/DR's Program Office (PRG) through its PVO Coordinating Unit (PRG/PVO). The Unit will be comprised of one US PSC and one PSC secretary and a nine member local Dominican contractor. Specific responsibilities of each element are detailed below. Subgrant approval for both DA funds and Local Currency Trust Funds will lie with the USAID Mission Director upon the advice of a review committee composed of members of the relevant USAID technical and staff offices and the GODR's Technical Secretariat of the Presidency. The Subgrant review process will be coordinated by the PRG/PVO Coordinator.

The TSP's Unit for Resource Coordination (DCR) will participate in the subgrant review process. The TSP will endorse all subgrant agreements through the countersignature of a PIO/T to establish the subgrant. The TSP will also countersign PIO/Ts for the PRG/PVO Coordinator's position, the PRG/PVO Secretary and the local Dominican contractor.

B. PVO Registration

Before an indigenous private voluntary organization can have a subgrant proposal reviewed, it must be registered with USAID. PVO Registration requirements are different for U.S. and Non-U.S. PVO's. U.S. PVOs must be registered with AID/W in accordance with A.I.D. Handbook 3 App 4C-A. Guidelines for registering Dominican PVOs with USAID will be the subject of a revised Mission Operating Manual (MOM) order and will be based on HB 3, App 4C-A as well as local conditions. Generally, to qualify a PVO must demonstrate its persona jurídica under Dominican law, the nature of activities it has heretofore financed, its financial management capabilities including accounting for funds and financial planning, and its basic technical and administrative capability to carry out its activities. USAID will consider a three-tiered system of qualification levels which would correspond to the size of grants to PVOs. Finally, pre-award evaluation of grantees, as set forth in Handbook 13 (dated June 6, 1989) will be required in those cases where the Mission Grant (Contract) Officer determines it to be necessary. This updated guidance permits greater flexibility to the Mission for determining the level of audit required (informal/desk survey or formal survey team; involvement of RIG/A, independent audit firms or the USAID Controller's Office). This updated guidance is Annex N, and will be used in the PVO selection process.

It is anticipated that activities by non-profit and for-profit NGOs will also be approved under the project albeit on a case-by-case basis. Mission will adhere to Agency Guidelines on grants to for-profit NGOs.

C. Format and Presentation Requirements for PVO Proposals

PVOs will submit their subgrant proposals to A.I.D. for approval following the two-phased process described below. The Mission will provide interested PVOs a hand-out on proposal presentation, which will cover the basic requirements for successful proposal approval. USAID will strongly urge PVOs to use the format provided.

D. USAID Review Schedule

1. Concepts Paper

PVOs will submit proposals in a two-phased sequence. In the first phase, a PVO will submit a two-page concept paper in Spanish to the PVO Coordinator for comments, suggested improvements and guidance for subgrant development. USAID will provide a standard form to PVOs for drawing up the Concept Paper. The PVO Coordinator and the Coordinating Unit Contractor will review the Concepts Paper for preliminary assessments in terms of how the concept fits within the objectives of the USAID Development Strategy and the PVO/NGO Co-Financing Project and whether it is feasible given the Mission's, the proposer's, and the target beneficiaries' human and financial capabilities.

The PVO Coordinator and PVO Support Team will coordinate with the USAID technical divisions and from these provide feedback from USAID to the PVO. Such feedback will indicate strengths and weaknesses of the subgrant design, sections of the proposal which will need particular attention, and suggested changes in the subgrant concept itself. The Team will, after any necessary consultations with USAID technical divisions, work to assist the PVO in improving and clarifying the proposal submitted and attempt to resolve design issues. The degree of coordination of members of the PVO Support Team will be determined by the USAID technical divisions during initial review of the Concepts Paper and subgrant proposals. The team will work together with the PVO to develop the proposal to meet USAID funding standards.

The Concept Paper process allows an efficient way to identify promising proposals, helps PVOs to avoid putting excessive time and effort into a proposal which will not be considered by USAID, and enables the PVO Coordinator and PVO Support Team to identify in a timely fashion the amount and nature of assistance which a PVO may need to further develop its proposal.

2. Full Proposal

PVOs will be able to submit their full proposals under the PVO Co-Financing project at any time during the year. Such proposals will be presented by the PVO in Spanish or English and be reviewed by USAID when they are received. This review entails an initial screening by the PSC PVO Coordinator and a general assessment by the relevant Mission technical divisions.

Actual funding decisions will be made by the Mission on a semi-annual basis (e.g., November 1 and May 1). Thus, all proposals received during the semester (but no later than two months prior to the semester deadline for consideration in that semester) will be evaluated, ranked and submitted to the Mission Director via an Action Memorandum from the PVO Coordinator through the Program Officer. The Mission Director will serve as the Chairperson of the PVO Selection Committee. The PVO Selection Committee will be composed of the PVO Coordinator and relevant USAID technical and staff offices. In addition, the GODR TSP will provide one member to the PVO Selection Committee. The Mission Director approves or disapproves each subgrant. In case minor adjustments are required for a proposal to meet approval criteria, a conditional approval may be given subject to those adjustments being made. Preaward Surveys may be conducted at this point as well, when determined to be necessary or appropriate by the grant officer. Once approval is given, obligating documentation is prepared by PRG/PVO in coordination with the technical divisions, the PIO/T is executed by GODR's TSP and USAID, and a Grant Agreement is signed between USAID and the PVO.

It must be noted that the backstopping provided by the technical divisions will be based on an assessment of the complexity of each subgrant. If any of the assumptions about complexity of the subgrants or number of proposals changes, the Mission will, during the evaluation of this project, explore alternative review mechanisms compatible with Mission workload and staffing.

3. Notification

Within sixty days of the funding decision deadlines (mentioned above), USAID will notify the organization of approval or disapproval of their proposal. The notification will be made in the form of an approval letter or a letter requesting additional information or refinement before a final approval. When proposals are disapproved, reasons for the disapproval will be included in the letter.

E. USAID's Role in Improving the Quality of PVO Proposals and Capabilities.

The PVO community in the Dominican Republic will be strengthened through increased access to funding for their activities and through the technical assistance and training financed under the Project, as well as association with CEDOIS and Mission personnel. Limitations within the USAID dictate that the stronger a PVO's capabilities and the merits of its proposal, the higher preference it will have within the approval process. PVOs which have deficiencies will be encouraged to get assistance from sources designed to assist PVOs to strengthen their institutional capacities. CEDOIS, for example, may receive a grant under this project to assist PVOs to take advantage of the new PVO project.

It is recognized that each PVO has its own unique goals, organizational structure, and level of sophistication. It is also recognized that some PVOs will require assistance in preparing proposals. Therefore, it is envisaged that assistance will be provided by the PVO Coordinating Unit to specific PVOs in the areas of activity design and administrative, financial and technical management strengthening.

At a minimum, USAID will provide the following assistance:

- (1) To every PVO which submits a proposal:
 - A thorough reading and review of the project proposal by the USAID PVO Coordinator's Office;
 - A thorough reading and review of the proposal by relevant technical staff either in the PVO Coordinating Unit or elsewhere in USAID;
 - A letter discussing the PVO proposal and the results of the USAID review;

- (2) PVOs with activities chosen for further development:
 - Will be visited by PVO Coordinator or PVO Support Team during which time the issues raised by the review committee are to be resolved. (Preaward Survey conducted, as appropriate)

- (3) PVOs with activities selected for funding:
 - Will receive grant funds for subgrant implementation;
 - Will be invited to a workshop on subgrant implementation/evaluation and USAID requirements;
 - Will be visited at least quarterly.

Based on available worktime and need, PVOs may be given:

- referral for further discussion of the proposal with USAID resource person(s);
- referral for further discussion of the proposal with a group or individual in the private or government sector;
- consultation by the PVO Coordinator or PVO Support Team on project design or evaluation;
- "walk-in" and trouble-shooting assistance with problems as they come up;
- access to USAID documents;
- handouts on subgrant design, implementation and evaluation;

- invitations to participate in various seminars, sponsored by the PVO Coordinator or PVO Support Team on development topics;
- exercises in project conceptualization and development such as logical framework;

It should also be noted that the task of one of the PVO consultants will be to assist in PVO development and budget preparation.

F. Criteria for Subgrant Selection

The major areas of emphasis of PVO subgrants will be: 1) community development; 2) health; 3) water and sanitation; 4) natural resource management and conservation; and 5) other activities judged to be within the Mission strategy on a case-by-case basis.

In evaluating subgrant proposals, the Review Committees will give preference to PVO development activities which meet the following criteria: (Proposals by non-profit and for-profit NGOs will be accepted and approved on a case-by-case basis in accordance with A.I.D. policy on such NGOs)

1. Meet the major categories outlined above and those that fulfill the project paper objectives;
2. Be technically, economically, financially and socially feasible;
3. Be sponsored by a PVO registered with USAID or AID/W and having a demonstrated track record and strong commitment; NGOs will be permitted to submit proposals that provide unique approaches to achieving USAID goals and objectives;
4. Be sustainable and/or replicable without additional USAID assistance;
5. Have a sound design and presentation, including a complete and well-conceived implementation plan and mechanism for competent administration.
6. Special preference will be given to subgrant proposals that contain in their design, direct developmental impact benefitting women in the target areas.
7. Be consistent with USAID's goals of providing basic critical services to the poor.
8. Contribute to strengthening PVO capacity to act as a positive and dynamic development force.

9. Serve as a pilot or otherwise contribute to the development of new strategies and approaches which the Mission may wish to consider which may not link directly to the CDSS.

10. Have potential to contribute to the four Agency initiatives of private sector development, policy dialogue/reform, technology transfer, and institutional development.

Subgrants which involve any of the following kinds of activities will not be approved for project financing:

1. Beautification, recreation and other civic, nondevelopmental activities.
2. Development activities whose intended beneficiaries are not in keeping with the project's target income groups.
3. Religious activities.
4. Activities which are determined to have a negative environmental impact.

G. Administrative Arrangements

1. USAID: USAID/DR will have the primary responsibility for approval and management of both the DA and Local Currency Trust Fund portions of the project. The overall project management responsibility for the PVO Co-Financing project will lie with the USAID Program Office. Under the supervision of the Program Officer, the US PSC PVO Coordinator will oversee the direct management of the project in close collaboration with the USAID Project Development Office and the technical divisions. USAID will also review proposals submitted by participating US and local PVOs and NGOs and the USAID Mission Director will approve or disapprove projects based on the recommendations of the PVO Selection Committee.

a. The Program Officer (PRG)

The Program Officer will have the following project management responsibilities:

- Primary responsibility for providing A.I.D. policy and implementation guidance in conjunction with other USAID Divisions;
- Prepare and issue Requests for Expressions of Interest and coordinate selection of the PSC PVO Coordinator and the PVO secretary;

- Oversee Mission selection process for PVO Support Team contract;
- Chair the semi-annual Subgrant Reviews;
- Serve as Chairman of the Subgrant Selection Committee;
- Provide guidance to the PVO Coordinator on project implementation as needed, review and approve USAID documentation emanating from the PVO Coordinator;
- Make selected site visits;
- Continuously review the criteria for selection of subgrants;
- Maintain close contact with PVO community;
- In coordination with the USAID controller and the Project Development Office, oversee disbursement of A.I.D. funds and monitor other aspects of project implementation on behalf of A.I.D.;
- Process documentation and make recommendations to USAID Director concerning registration of Dominican PVOs;
- Oversee review of financial and progress reports submitted by Project subgrantees;
- Provide information for the Mission semi-annual reviews;
- Promote a positive perception in the Dominican Republic of USAID interest in the PVO Community, its activities and concerns.

b. The PVO Coordinator (PRG/PVO):

The PVO Coordinator within the Program Office will serve as Project Officer for the PVO Co-Financing project and provide first order programming and budgeting of the PVO portfolio, assist the Program Officer in assuring that the overall PVO program is fulfilling USAID's strategy and objectives, and supervise overall project implementation and performance of the local Dominican PVO Support Team contractor. It will be a prime responsibility of the PVO Coordinator to bring PVOs into the mainstream of A.I.D. efforts in the Dominican Republic; draw as much knowledge from the PVO community as possible as the Mission refines and redirects its strategy; and build as many professional relationships as possible between the PVOs, USAID staff and GODR counterparts.

The PVO Coordinator will oversee the following basic functions:

- provide first order responsibility for administration of the PVO/NGO fund;
- prepare documentation and coordinate Mission selection process for PVO Support Team contract;
- coordinate semi-annual subgrant reviews for Program Officer or serve as alternate;
- coordinate subgrant selection committee meetings;
- oversee Project implementation;
- receive on behalf of USAID subgrant proposals and process these as appropriate;
- coordinate technical reviews of Concepts Papers and subgrant proposals;
- serve as member of subgrant selection committee;
- continuously review criteria for selection of subgrants and provide feedback to Program Officer;
- assure coordination between PVOs, the PVOs Support Team contractor, Program Officer and Controller;
- prepare update of Mission Manual Order on PVOs and NGOs;
- oversee contractor's assistance to PVOs on subgrant development and design;
- coordinate with USAID/Controller's oversight of contractor's financial management assistance to PVOs;
- assist Mission in refining PVO registration procedures;
- promote Dominican PVO registration with USAID;
- oversee contractor's assistance to PVOs in attaining USAID registration;

- oversee USAID's Quarterly Newsletter to PVOs;
- oversee USAID's Training Seminars on Project Preparation and Financial Management (in coordination with Controller);
- maintain documentation and information on PVO registration within USAID;
- maintain close contact and liaison with PVO community;
- oversee contractor's administrative, technical and financial performance and prepare documentation for Program Officer certification and approval;
- assure coordination of approval, implementation and evaluation process among contractor and USAID divisions;
- assist the Program Officer in administering the Technical Assistance Fund;
- make recommendations for training/technical assistance subprojects.

c. USAID Mission Contracts Officer (MCO)

USAID policy requires that subgrants such as those under this DA project, be executed per Handbook 13 regulations. Thus the Contracts Officer or the Mission Director will sign the Grants with the PVO or NGO. Since GODR Local Currency will be in Trust to USAID, the Contracts Officer will have the same obligating responsibility for PVO Local Currency subgrants. Grants will be executed upon Contract Officer's receipt of a properly executed PIO/T. Per Handbook 13 Redlegation of Authority 149.1.1, the Mission Director may sign (execute) USG grants not exceeding US\$5 million. In so doing, the level of "visibility" for the USAID will be enhanced, thus addressing AID/W's concern on this matter.

d. USAID Controller's Office (CONT)

Because USAID will directly sign subgrants with the PVOs and NGOs, the Controller's Office will maintain ultimate responsibility for handling both the DA and Local Currency Trust Funds. One additional FSN will be assigned to this responsibility. In support of the Controller, the PVO Co-Financing Project will contract with both a Fiscal Agent such as a bank and an independent auditing firm.

The Fiscal Agent will be responsible for financial administration of the PVO fund.

e. The Fiscal Agent

Because of the financial management implications for the USAID Controller's Office, which arise from the significant increase in the size of the Mission's project portfolio that will result from executing individual grant agreements with up to thirty-five PVOs, the PVO Co-Financing project will fund the services of a banking or other financial institution to act as Fiscal Agent for the Mission in disbursing funds provided to PVO's from the PVO Development Fund. The Fiscal Agent will be responsible for all disbursement, reimbursement, accounting and audit functions involving the PVO Development Fund.

USAID will solicit proposals from likely institutions, evaluate the proposals and select the Fiscal Agent on the basis of the quality of its technical proposal and the estimated cost of services to be provided. USAID will enter into a cost reimbursement fixed-fee type contract with the successful institution. The scope of work in the contract will reflect the requirements the USAID has for the prudent management of funds provided to grantees. A contract for similar services undertaken in El Salvador for the Displaced Persons Project is included as Annex L hereto.

Under the terms of the contract with the Fiscal Agent, USAID will pay into the fund its estimate of the needs of the PVOs for a 90-day period. This estimate of needs will be based on individual documentation presented by PVOs whose activities have been approved by USAID.

At the end of advance month 1 and each month thereafter the Fiscal Agent will review the documentation submitted by PVOs in order to partially liquidate the advances and receive subsequent advances. If the documentation presented by the PVO does not fulfill the criteria established, the Fiscal Agent will return the documentation to the PVO with an explanation of the rejection or of further actions necessary to obtain the advance.

Once acceptable documentation for the month has been assembled by the Fiscal Agent, it will present a summary package to USAID in order to liquidate one month of USAID's deposit into the Fund. The package will resemble the documentation which a contractor would normally present to A.I.D. for payment. At the same time, and based on the projections of funding needs made by individual PVOs, the Fiscal Agent will present USAID with a revised projection for the next 90-day period. USAID will provide additional monies to the Fund by taking the overall 90-day estimate of the Fiscal Agent and subtracting the amount of the deposits which the Agent has not yet submitted for liquidation (e.g. months 2 and 3 of the last 90-day report). Thus, the Fiscal Agent will continue to have the liquidity necessary to provide funds to the PVOs in a timely manner.

During intensive review in the Mission, an issue was raised and resolved concerning the use of the Fiscal Agent. The issue was whether USAID's deposits into the fund held by the Fiscal Agent constituted an advance made to a private contractor. The Fiscal Agent will be contracted to hold funds for its client (USAID) and disburse them only to finance the PVOs in accordance with the client's (USAID's) instructions as detailed in the contract. These deposits do not constitute advances in the usual sense, where the entity receiving the funds (advances) would use them at its discretion in accordance with a plan to accomplish a stated purpose or goal. The Fiscal Agent will act on behalf of USAID for the sole purpose of passing funds to eligible PVOs which in turn will undertake the execution of grant activities approved by USAID.

f. The Supporting Contract Firm for the PVO Coordinator (PVO Support Team)

The Program Office's PVO Coordinator will be assisted in fulfilling his/her responsibilities for proper project implementation by a competitively selected local Dominican contractor who will constitute the PVO Support Team. The nine person contractor team, complemented by short-term technical assistance also supplied by the contractor, will assist the Mission in the following basic areas:

- coordinate and promote PVO registration with USAID;
- coordinate proposal review process;
- assist PVOs in meeting USAID requirements in technical, administrative and financial management and basic subgrant implementation in close coordination with USAID Technical Divisions;
- oversee management of project funds;
- provide first line monitoring of subgrants, and implementation follow-up;
- set up schedule for and undertake USAID site visits as well as facilitate such for the Program Officer and PVO Coordinator;
- create and maintain an information system for USAID on PVOs in the Program;
- prepare basic USAID documentation required for subgrants, including drafting USAID correspondence and subobligating documents;
- facilitate USAID's financial monitoring of project;
- prepare USAID's Quarterly Newsletter on PVOs
- organize USAID seminars for PVOs on project development, design, implementation, financial management and reporting;
- coordinate the logistical support to accomplish the above;
- provide recommendations related to the Technical Assistance Fund and for TA and training.

Annex H provides an illustrative list of the nine full-time and 18 months short-term job requirements. Because of the importance of the relationship between USAID and the PVO Community and its members, preference in contractor selection will be given to proposals which include former Peace Corps Volunteers, U.S. citizens and non-U.S. citizens with experience in working with A.I.D. and/or in the Dominican Republic.

g. Independent Audit Firm

In addition to the Fiscal Agent, USAID will contract the services of an independent audit firm or firms: to undertake the pre-award Management and Financial Capability Assessments of the PVOs; to provide technical assistance to PVOs requiring such assistance; to perform periodic up-dates of initial assessments; and to undertake at least two financial reviews of the project as a whole, including PVO operations as well as that of the Fiscal Agent. The Fiscal Agent will, on a continuing basis, be charged with certifying that (1) procedures or systems of internal control have been tested to the extent required by generally recognized audit standards and (2) sufficient audit tests have been made of transactions in order to ensure appropriate use of AID funds as defined in the Project Agreement and the individual PVO grant agreements. Therefore it will not be necessary for the independent auditors to run continuous test checks of the financial operations of the PVOs except as requested by USAID.

2. The Government of the Dominican Republic (GODR)

The GODR's participation will be through its Technical Secretariat of the Presidency (TSP) and TSP's Local Currency Development Resources Coordinating Unit (DRC). TSP will approve the PVO Coordinator through countersignature of the PIO/T, as well as the institutional contracts. TSP will provide the Local Currency in trust to USAID and will approve each subgrant by its countersignature on the PIO/Ts earmarking funds for those subgrants. Because of the Trust Fund arrangement, GODR will not control Local Currency Funds under this project. In addition, the DCR Coordinator will participate in subgrant selection through membership on the Subgrant Selection Committee.

3. Peace Corps: In the past, Peace Corps Volunteers have played an important role in assisting in the design and implementation of certain PVO activities. Peace Corps involvement in the PVO Co-Financing Project will be encouraged. USAID will share relevant PVO information with Peace Corps and look for areas of possible mutual benefit for the PVOs and the Peace Corps. It is a clear intent of the Co-Financing project to involve the Peace Corps to the greatest extent possible.

H. Implementation and Monitoring Plan

Project implementation will have four phases:

- Project start-up
- Interim phase
- Full project implementation
- Phase-down or Redesign

A detailed implementation schedule is contained in Annex E.

Start Up Phase (12 months - Project Year 1)

Immediately upon Project obligation, USAID will contract the personal services of a PVO Coordinator and secretary. The PVO Coordinator will then proceed to develop the documentation and coordinate the selection process for USAID's contracting of the local institutional contract for support of the PVO Support Team; the fiscal agent; and the independent audit firm. During the same period, the PVO Coordinator will update and finalize the Mission Order on PVOs, begin promotional activities, and begin planning for the formal process of subgrant review. The PVO Coordinator will establish an annual workplan in coordination with other project implementors for Project Years 1 and 2 and submit it to the Program Officer and to the USAID Director for approval.

Interim Phase (12 months - Project Year 2)

Within the first seven months of the project, it is anticipated that most PVOs will not have had sufficient time to present acceptable grant proposals. However, there may be some well-established PVOs with completely designed subgrants that could get started with a minimum of start-up assistance and who may well wish to begin prior to the full mobilization of the PVO Support Team. Therefore, a review process and committee will be formally established by the end of Project Month 6. The Mission expects that no more than five proposals will be approved within the first year of the project. An initial PVO Selection Committee meeting will be established in Project Month 10, three months after the official opening of the proposal submission process. Henceforth the review cycle will be every six months and the Subgrant Selection Committee will meet semi-annually.

Full Project Implementation Phase (36 months - Project Years 3-5)

By the end of Year 2, the Mission will, through the PVO Support Team contractor, have developed the capacity to orient, interchange and receive proposals from the PVOs anticipated to participate in the project. The majority of all subgrants will be approved and underway during this phase, with final selections occurring in year 5. General subgrant implementation will continue on the basis of annual workplans with continuous monitoring and refinement, submission of quarterly reports and convening of annual reviews. In Year 3, an evaluation will take place which will assist in making any modifications to project design or Mission procedures which might be necessary. The table below outlines the flow of project approval and implementation as envisaged by the project. By project year 5, the number of subgrants (and the LCP of subgrants) will begin to be reduced.

Phase-Down or Redesign (24 months - Project Years 6-7)

Early in Year 6, the PVO Coordinator will design a Scope of Work for the final major evaluation of the project which will take place in year 7. Based on this impact evaluation, A.I.D. will make a decision on whether or not to pursue a follow-on project.

If the project is to be phased out, no new subgrants will be made and the Mission will take a more direct role in monitoring the completion of on-going subgrants.

If the project is to continue, issues contemplated under this design but discarded as premature -- such as ways of involving the Dominican private sector in project review and approval -- will be considered as well as additional roles for local and regional PVOs as well as PVO umbrella groups.

APPROVAL AND IMPLEMENTATION SCHEDULE

	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7	
	1990	1991	1992	1993	1994	1995	1996	TOTAL
Total DA & LC Subgrants (35)								
-Approved	5	9	9	6	6	-	-	35
-Implementing	-	5	14	23	29	35	29	35

I. Procurement Plan

Primarily, the procurement under the project will involve selection of a project coordinator (PVO Coordinator); solicitation, evaluation and selection of an institutional contractor (PVO Support Team); and the solicitation, evaluation and selection of an independent audit firm and Fiscal Agent. The RFPs will also allow for a variety of short-term assistance to be provided during the project's life as needed or special circumstance warrant.

The PVO Support Team contract is expected to be awarded to a local Dominican firm. This organization will be responsible for a wide range of activities outlined in the Administrative Section of this paper.

Procurement of the Personal Services Contract (PSC) PVO Coordinator and secretary will be the responsibility of USAID and be coordinated by the Program Office. The Program Officer will develop the scopes of work for each position. Procurement of household furnishings, as well as office equipment and supplies in support of the PVO Coordinator will also be a USAID responsibility coordinated by the Management Office (MGT) with a Program Office-initiated PIO/C. Office space for the PVO Support Team will be procured under that contract.

Procurement of the institutional contract for the PVO Support Team, the Fiscal Agent and the independent audit firm will be the responsibility of USAID as coordinated by the PVO Coordinator. The PVO Coordinator will finalize in collaboration with other USAID divisions and under the supervision of the Program Officer, the terms of reference and the RFP. The PVO Coordinator will be responsible for executing documentation for USAID Contracts Management Office to engage the Fiscal Agent and the independent audit firm, but the terms of reference for these RFPs will be prepared by the Controller's Office.

A detailed Procurement Plan for Services and Commodities can be found in Tables 1 and 2. Table 3 provides the Methods of Implementation and Financing for the project, and can be found in the Financial Analysis Section of this PP (IV.E).

Six project vehicles, one for the PVO Coordinator Office and three for the PVO Support Team, and two replacements as needed by year 5, will be procured by USAID as soon as the project is obligated so as to make them available as soon as possible in Phase 1. The PVO Support Team will be expected to assist the USAID in all other required procurement. This task will be specified in the terms of reference of their contracts.

Subgrants will be funded through Handbook 13 Assistance Instruments (Grants), put into place by PIO/Ts approved by the Mission and countersigned by the GODR (TSP). Subgrantees will be required to perform all procurement for their subgrant following standard A.I.D. regulations for non-governmental grantees, which shall be annexed to all grant agreements. Subgrantees will be assisted where necessary by the PVO Support Team.

J. Evaluation Plan

1. Overall Evaluation of the PVO Co-Financing Project.

On the overall project level, USAID will evaluate whether or not it has been able to increase its impact on the poorer income groups of Dominican society in ways not achieved by other USAID activities. To achieve such an evaluation, data on beneficiaries of USAID subgrants will be collected in terms of number and kinds of beneficiaries, income groups, nature of benefits, and whether such benefits would have been obtainable in another fashion.

An inherent assumption in the project, however, is the desirability and efficiency of the use of PVOs to achieve the objective of reaching the poor. To achieve a measure of the accuracy of this assumption, data will be collected at the beginning of the project to establish the base against which additional PVO activity can be measured as the project progresses.

Another underlying benefit of the project will be the strengthening of the capabilities necessary for PVOs to continue the development process on their own or with reduced assistance from outside sources. One suggested indicator is to measure the number of activities begun under the PVO Co-Financing Project which are continuing or will be able to continue after the termination of the subgrant or PVO Co-Financing project. Another indicator might be that the group has branched into different development activities without any outside assistance or with a lower level of assistance than previously needed.

Some subgrants will involve the testing of new technologies or systems to be adopted either by government agencies, other PVOs or NGOs. In this case, evaluation of subgrant results will determine whether or not the technology or system proved to be appropriate and whether or not the technology was or will be adopted by others. The sum of such technology adaptations will constitute one additional measure of success of the PVO Co-Financing project.

Table 1
PVO CO-FINANCING PROJECT
PROCUREMENT PLAN
SERVICES

PROCUREMENT PLAN ELEMENT	**SERVICE**				
	PVO Coordinator	PVO Secretary	Institutional Contractor	Audit Firm	Fiscal Agent
1. Responsible Office(s) (All AID-Procured)	PRG/CO	PRG/CO	PRG/CO	PRG/CO/CONT	PRG/CO/CONT
2. Descriptive List	2 Yr PSC	7 Yr PSC	9 Person Team Office Rental		Bank or Fin'l Inst.
3. Procurement Budget	\$292,000	\$76,000	\$808,000 \$79,000	\$300,000	\$700,000
4. Source/Origin	US	US/Local	Local	Local	Local
5. Eligibility (wavers)	NA	NA	NA	NA	NA
6. Method of Procurement (All USG Contract)	OTFOC* Overseas PSC	OTFOC Overseas PSC	Compet.Neg. RFP	Compet.Neg. RFP	Compet.Neg RFP
7. Method of Financing	Direct Pay Cost Reimb.	Direct Pay Cost Reimb.	Direct Pay Cost Reimb.	Direct Pay Cost Reimb.	Direct Pay Cost Reimb.
8. Delivery/Arrival	Sep-89	Oct-89	Feb-90	Jan-90	Jan-90
9. Schedule					
A. PILs/PIOs Prepared	Feb-89	Aug-89	Sep-89	Sep-89	Sep-89
B. RFPs/CBD Notice/Adv.	NA	Aug-89	Oct-89	Oct-89	Oct-89
C. Proposals Rec'd	Apr-89	NA	Nov-89	Nov-89	Nov-89
D. Award/Contract Final	Aug-89	Sep-89	Jan-90	Jan-90	Jan-90
E. Req'd Delivery Time (e.g.security clearance)	1 month	1 month	2 months	1 month	1 month

*Other Than Full and Open Competition (Class Justification)

Table 2

PVO CO-FINANCING PROJECT
PROCUREMENT PLAN
COMMODITIES

COMMODITIES				
PROCUREMENT PLAN ELEMENT	Vehicles (Yrs 1 - 4)	Vehicles (Replacement)	Office Equipment	HHE for PVO Coord
1. Responsible Office(s) (All AID-Procured)	PRG/CO/C&S	PRG/CO/C&S	PRG/CO/GSO	PRG/CO/GSO
2. Descriptive List	-4 Wht. 4-WD Pass. Vehicles & Spare Parts -Maint & Fuel	-2 Wht. 4-WD Pass. Vehicles & Spare Parts -Maint & Fuel	A. 10 Sets Off Furn* B. 3 IBM-Compat PCs, Pntr, Software C. 4 A/Cs D. 1 Copy Machine E. 1 Generator* F. Desk-top Publ.Sys G. Misc. Items	Household Effects
3. Procurement Budget	\$64,000 \$13,333 ----- \$77,333	\$36,000 \$6,667 ----- \$42,667	A. \$5,000 B. \$20,000 C. \$3,000 D. \$5,000 E. \$26,000 F. \$10,000 G. \$4,000 ----- \$73,000	\$30,000
4. Source/Origin	US	US	A. Local B. US/Local C. US/Local D. US/Local E. Local/ProjContr? F. US G. Local	Local
5. Eligibility (wavers)	NA	NA	NA	NA
6. Method of Procurement (All USG Contract)	Compet.Neg. RFP	Compet.Neg. RFP	Informal, Sm. Value, Proj.Contribution	Informal (GSO Stock?)
7. Method of Financing	Direct Pay Fixed Price	Direct Pay Fixed Price	Direct Pay Fixed Price	Direct Pay Fixed Price
8. Delivery/Arrival	Mar-90	Mar-94	Feb-90	Feb-90
9. Schedule				
A. PILs/PIOs Prepared	Sep-89	Sep-93	Sep-89	Sep-89
B. RFQs/CBD Notice/Adv	Oct-89	Oct-93	Oct-89	Oct-89
C. Bids Rec'd	Dec-89	Dec-93	Nov-89	Nov-89
D. Award/Contract	Dec-89	Dec-93	Dec-89	Dec-89
E. Req'd Delivery Time	3 months	3 months	1-2 months	1-2 months

2. Subproject Evaluation

The second level of evaluation is at the subgrant level. Each subgrant will be evaluated to measure the degree to which the subgrant purpose has been achieved. Scheduling and designing each evaluation will be the responsibility of the recipient PVO. A prerequisite for funding a subgrant proposal will be USAID acceptance of the sponsoring PVO's evaluation plan and schedule. The PVO Coordinating Unit and to a limited extent other USAID staff will be available to carry out certain aspects of subgrant evaluations depending on need, availability of personnel and agreement with the specific PVO or NGO.

K. Gray Amendment

The Project was designed to have a minimum administrative/overhead cost relative to Funds provided for PVO grants. The majority of technical assistance under the project will be provided through local-hire expertise (PVO Support Team). It is also envisioned that Audit and Fiscal Services will be procured locally. Training and short-term technical assistance and evaluation may potentially be provided through 8 (a) setaside, however in general, Gray Amendment procurement is not a feasible method of procurement under this project.

IV. PROJECT ANALYSES

A. Technical Feasibility

Overall, the technical feasibility of using PVOs and NGOs to deliver the basic services to the poor in the Dominican Republic as proposed in the Project Paper, has been demonstrated by previous USAID sponsored PVO activities. PVOs have demonstrated capabilities in Natural Resource Management, Health Delivery, Nutrition and Supplemental Feeding, Water and Sanitation and Community Development.

On the specific subgrant level, PVOs submitting proposals will be required to explain thoroughly the technology they intend to employ in their project. Considerations such, as employment and environmental effects, energy demand, and the beneficiaries' ability to utilize and maintain the technology proposed under the subgrant, will be examined during review of each proposal.

USAID assures technical soundness in three ways. First, through the registration process of PVOs interested in participating in financing by USAID. Secondly, through an appropriate level of technical review during the informal and formal review by the USAID PVO Subgrant Review Committee and relevant technical offices in the Mission, which may include site visits. And thirdly, through provision of technical assistance to select PVOs which require it. Whether a subgrant approach is appropriate for the specific time and place, and a judgement as to whether the project is reasonably priced and designed, are basic elements of USAID's review.

B. Environmental Analysis

The determination of the initial environmental examination of the PVO Co-Financing Project was negative. The Project is not a major action which will have a significant effect on the human environment and it is, therefore, an action for which an environmental assessment is not required.

In addition, all subgrant proposals will be required to explain what effects, if any, the subgrant will have on the environment. The Mission Environmental Officer will review and certify the negative determination of environmental impact.

C. Economic Feasibility

Due to the nature of the project, an economic analysis cannot be performed prior to the design of each of the subgrants. Each PVO proposal will include a statement of the expected economic effects of the planned activities on the intended beneficiaries and the per capita costs of achieving this benefit. As with all its reviews, USAID will be comparing a proposal's claimed benefits with the cost of the effort, or employ the least-cost methods of economic analysis. To the extent the PVO can supply information to assist USAID with such analysis, review of the proposed subgrant will be facilitated.

Based on historical PVO performance in the Dominican Republic, it is roughly estimated that the number of beneficiaries affected favorably by the array of subgrants will be about 300,000. Deduced cost per beneficiary then would be approximately \$33 per beneficiary -- a figure acceptable by comparison to similar projects in other countries.

Because in the past the PVO movement has demonstrated its ability to tap volunteer assistance to mobilize community resources and to succinctly define grass roots problems, the approach of using PVOs inherently suggests a cost-effective method of reaching the poorer income groups.

D. Institutional Analysis

The institutional analysis was designed and executed to assess the capacity and interest of developmental-oriented private voluntary organizations, to participate in the PVO Co-Financing Project -- in essence, to examine whether existing grassroots organizations with broad-based but small-scale approaches are willing and able to deliver selected interventions to the country's poor. The purpose of the analysis was to assess a number of factors including: services being provided by PVOs which are socially or developmentally oriented; the size and kind of population served; the level of interest of various PVOs to participate in a USAID-financed project; additional activities that these institutions might undertake within the framework of the proposed PVO project; the needs of the organizations in order to operate effectively within the Project; and USAID's capability to successfully implement the PVO project.

Twenty-eight PVOs were analyzed. Of these, nine provide services on a national level, sixteen on a regional or provincial level and three on a local level. Their target populations are the critically poor in both rural and urban areas.

1. Existing Organizations and Services

The analysis covered a wide variety of PVOs which are providing services in diverse sectors. Some of them offer multiple services, while others specialize in one type of intervention. The following table provides the number of organizations with programs participating in various areas of interest:

<u>Programs Offered</u>	<u>No. of PVOs*</u>
Income Generation	9
Health Delivery	9
Housing (Infrastructures)	10
Natural Resource Management	10
Agriculture	10
Education (non-formal)	8
Program for Women	3
Community Development	17
Water and Sanitation	3

While estimates of population served are very rough (record-keeping and impact studies are not widely practiced), the number of direct beneficiaries vary according to the type of service offered.

The following table shows the number of direct and indirect beneficiaries for each program. Included is the average number of direct beneficiaries per program, per year.

<u>PROGRAM</u>	<u>NO. OF ORG.*</u>	<u>BENEFICIARIES</u>		
		<u>DIRECT</u>	<u>INDIRECT</u>	<u>AVE.</u>
Income Generation	8	2,477	12,360	309
Health Delivery	8	22,730	113,650	28,412
Housing (Infrastructures)	10	1,415	7,075	141
Natural Resource Management	9	1,713	8,565	171
Agriculture	9	3,015	15,075	335
Education (non-formal)	7	27,529	137,645	3,932
Programs for Women	2	761	1,900	380
Community Development	17	7,806	39,030	459
Water and Sanitation	3	503	2,515	168

*Discrepancy in two tables derives from fact that two PVOs could not provide data.

These data show that the most widely provided programs are health and education. This is due, in part, to the type of events sponsored -- workshops, courses, seminars and lectures. Programs which require larger amounts of capital (e.g. credit programs, housing construction) are limited in their ability to effectively address the needs of the poor, mainly due to insufficient economic resources.

2. Characteristics and Interest Level of Organizations

There is an existing network of PVOs which attempt to meet the needs of the poor at the grassroots level. These organizations can be characterized in approximately 3 categories, in terms of management capabilities, program outreach and potential for program expansion. Those which fall into category one, organizations with acceptable technical, financial and administrative capabilities, and with an outreach network and staff capable of delivering interventions, would qualify under the Co-Financing Project immediately. A second category, (substantial providers with an outreach network, but with some institutional weaknesses) could qualify for the Project but would require some specialized assistance. Finally, category 3 projects include a large number of small providers with limited technical financial, and administrative capabilities. These organizations have strong credibility and acceptance where they work, with dedicated personnel that use methodologies appropriate to the comprehension level of their target population (these organizations would be candidates for technical assistance, training and to receive funding through an intermediary).

Virtually all of the organizations expressed interest in participating in the Project. This includes those that are registered with A.I.D.; those which are not registered but have received PL-480 funding; and those which have not received funds, and are not registered with A.I.D., but could qualify for participation.

Various agencies not only have the capability and networks to deliver intervention to the poor, but are also able and willing to act as an intermediary for smaller groups (which have interesting programs that could assist the poor in the manner envisaged by USAID but would not qualify on their own).

3. Needs of Organizations

The needs of the PVOs differ according to their characteristics. Those considered to have limited capabilities (category 3), are in need of technical, financial and/or management training. These needs could best be met through organizations such as CEDOIS. Those that fall into category 2 and 3 might have institutional weaknesses, but more than anything, are in need of funding to expand their program outreach. (The analysis found that most PVOs could use some type of technical assistance to improve institutional efficiency).

The organizations expressed their needs as follows:

<u>Type of Assistance Desired</u>	<u>No. of PVOs</u>
Funding	22
Technical Assistance	25
Training	7

The analysis found that, of the twenty-eight organizations considered, eighteen would be appropriate for the USAID PVO Co-Financing Project.

4. Conclusions

A review of the data shows that:

1. There are various Private Volunteer Organization's that are willing and able to participate in the PVO Co-Financing Project.
2. There is a high degree of interest and enthusiasm for A.I.D. to implement the Project.
3. PVOs are an appropriate mechanism to deliver selected intervention to the poor, because of their broad based, small-scale approaches.
4. Various PVOs are willing and able to act as intermediaries for smaller organizations.
5. There is a variety of PVOs capable of offering technical assistance to other organizations.
6. The majority of PVOs need funds to expand their programs' outreach.

Based on the Institutional Analysis included in Annex G, it is concluded that USAID has the capability to carry-out its planned PVO Project as indicated in the Project design. On most counts, the project design is properly focused and the kinds of support planned (technical assistance, training and funding) are appropriate. The analysis concludes that frequent direct contact with PVOs is essential to achieve the goal of the project.

E. Financial Analysis

The nature of the Project is such that a meaningful financial analysis is not possible. Handbook 3, Chapter 3.C.3.d. provides for identifying best technical alternatives at least cost as an appropriate financial analysis for "human infrastructure" projects. There will be no stream of revenues continuing on into the future as a result of project investments. However, there will be broad economic, social, and human benefits to the poorer sectors of Dominican Society. By the end of the Project in September 1996, it is expected that approximately 300,000 rural and urban poor will have benefitted from activities funded by the PVO Project in the areas of hillside agriculture, health delivery, sanitation, water and community development.

Therefore, a least-cost analysis was derived from the implementation alternatives reviewed and analyzed in Section II.D.1. of this PP. It was concluded that implementation of the project as described in Section II.D.2. and II.G. is the most appropriate way in which to achieve maximum project benefits at minimum cost.

Table 3

PVO CO-FINANCING PROJECT
METHODS OF IMPLEMENTATION AND FINANCING

PROJECT ELEMENTS	METHOD OF IMPLEMENTATION*	CONTRACT TYPE /FINANCING*	AMOUNT (US\$000)
I. PVO FUND (GRANTS) (Fiscal Agent Services)	Comp. Neg. (RFP) Comp. Neg. (RFP)	Cost Reimb. Cost Reimb.	6200 700
II. TECHNICAL ASSISTANCE			
-PVO Coordinator	PSC	Direct Pay	292
-PVO Secretary	PSC	Direct Pay	76
-Instit. Contract	Comp. Neg. (RFP)	Cost Reimb.	808
-(PVO Support Team Office)	Comp. Neg. (RFP)	Cost Reimb.	79
-Indep. Audit Firm	Comp. Neg. (RFP)	Cost Reimb.	300
-Trng. and TA Fund	IQC/Small Purchase	IQC/Cost Reimb.	210
III. COMMODITIES			
-Vehicles	Comp. Neg. (RFP)	Fixed Price	120
-Office Equipment	Informal	Fixed Price	73
-HHE for PVO Coordinator	Small Purchase	Fixed Price	30
IV. EVALUATION	PSC/IQC/SM.Purch	Cost Reimb.	325
V. CONTINGENCY	N/A		287
TOTAL			9500

*Method of Implementation is AID Direct Contract.
Financing Method is Direct Payment in all cases.

All of the methods shown in Table 3 are preferred methods under the Payment Verification Policy Guidance. AID Direct Contracting will be employed instead of Host Country Contracting for the project due to efficiency of USAID in performing such procurement verses that of the Technical Secretariat of the Presidency (TSP), which has little Host Country Contracting experience.

F. Social Soundness Analysis

The project is designed to increase Dominican PVOs' effectiveness and contributions to the poorer sectors of the society. Socially disadvantaged groups, such as small and medium farmers, rural laborers, urban barrio dwellers and youths, will benefit from broader social interventions through activities carried out by grass-roots community groups and PVOs. The project will particularly focus on subgrant activities that involve women. It is expected that women will be one of the highest beneficiary groups under the project.

V. COST ESTIMATES AND FINANCIAL PLAN

A) Overall Financial Plan

USAID will provide \$9.5 million to the PVO Co-Financing project. Of this amount, US\$6.2 million will be used to provide grants to U.S. and local PVOs. The GODR will provide an additional RD\$25.2 million (pesos) in U.S.G. program-generated local currencies (currently approximately \$4 million at the current exchange rate \$1.00 = RD\$6.28). Recipient PVOs will be encouraged to provide 25 percent of the budget of a subgrant whenever possible, however there will be exceptions. This contribution is currently estimated at \$2.5 million equivalent in local currency.

It will be the responsibility of the recipient PVO to cover a percentage of the subgrant cost through non-U.S.G. or GODR resources. PVOs will be encouraged to mobilize private resources, especially from subgrant beneficiaries, as evidence of the beneficiaries' willingness to participate in the development activities. Mobilization of private resources will result in greater total resources being available to PVO activities in the country. An important criterion to subgrant approval will be demonstrated commitment by the beneficiaries to the goals of the subgrant. PVO counterpart contribution is one important way of demonstrating such commitment. However, the inability of many smaller, less established PVOs to provide 25 percent will provide some exceptions to the 25 percent rule. In such cases, justifications will be made in the grantee's proposal for deviation from the 25 percent standards

B) Recurrent Costs

Past evaluations of PVOs -- international and indigenous -- indicate that most PVOs rarely become self-sufficient. Increasing PVO activity in the Dominican Republic will perforce create overall and added need for resources. USAID's selection criteria have been developed to place important emphasis on the recurrent cost issue.

First, most PVO subgrants will be directed toward activities in the private sector. Resultant recurrent costs are expected to be underwritten by the beneficiaries of the activity to the extent possible.

Second, USAID review of individual subgrants will address the issue of the recurrent costs inherent in a proposal, the commitment of the beneficiaries to support the activity during implementation and the post-implementation (recurrent cost) period, and the likelihood that the project's recurrent costs will be financed.

Finally, recognizing that PVOs will invariably depend on outside financing to continue activities -- either from other donors, the Host Government, PVO supporters or other private benefactors, the USAID project will improve local PVO capability to undertake projects and account for grant funds thereby enhancing their ability to successfully obtain funding from other sources.

C) Expenditures

Each subgrant proposal will provide a total budget estimate from which the subgrant amount will be determined. The proposal will also include a schedule of project expenditures including both grant and counterpart funds over the life of the subgrant. Once the expenditure schedule in the proposal is reviewed and approved by USAID, USAID will schedule disbursements needed to cover the subgrantee's expenditures. The first disbursement will be provided as an advance in accordance with the subgrantee's expenditure plan. Subsequent disbursements will depend on the PVO's drawdown of funds already disbursed and on the needs anticipated for the forthcoming period(s).

D) Local Currency Component of the PVO Fund

Handling of Local Currency Counterpart will conform to the latest guidances from AID/W, the LAC Bureau, and the USAID's own Mission Operations Manual Order (MOM). Special approvals for the establishment and use of a Program Trust Fund mechanism have been granted by AA/LAC and D/USAID and are included as annex M. Latest guidance essentially recognizes USAID's responsibility (shared with the GODR) for the project-like activities under the Trust Account. Thus, USAID intends to not differentiate between approval and monitoring of subgrants financed with DA funds and those financed through Host Country Owned Local Currencies (HCOLC).

Table 4

Annual Financial Breakdown (Obligations)
(\$000)

<u>PROJECT YEAR</u>	<u>PY 1</u>	<u>PY 2</u>	<u>PY 3</u>	<u>PY 4</u>	<u>PY 5</u>	<u>PY 6</u>	<u>PY 7</u>	<u>TOTAL</u>
<u>ACCOUNT</u>								
ARDN (103)	1,000	1,000	1,000	1,000	-0-	-0-	-0-	4,000
HE&POP (104)	3,000	0	-0-	1,000	-0-	-0-	-0-	4,000
SDA (106)	-0-	1,000	500	-0-	-0-	-0-	-0-	1,500
TOTALS	4,000	2,000	1,500	2,000	-0-	-0-	-0-	9,500

Table 5, Summary Cost Estimate and Financial Plan, can be found on the next page. The GODR's contribution is 25 percent of the total project, while the estimated PVO contribution is 15 percent.

Table 5

PVO CO-FINANCING PROJECT
 USAID DOMINICAN REPUBLIC
 SUMMARY COST ESTIMATE AND FINANCIAL PLAN BY YEAR
 AID CONTRIBUTION
 (US\$000)

SPECIFIC INPUTS	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7	--AID CONTRIBUTION--			GOOR	PVOS'	PROJECT
								TOTAL	FX	LC	CONTRIB	CONTRIB	TOTAL
I. PVO FUND (GRANTS)													12700
-AID	1100	1500	1500	2100				6200	2000	4200			
-GOOR	1300	2700									4000		
-PVOS		250	625	625	500	500						2500	
II. TECHNICAL ASSISTANCE													2465
-PVO Coordinator	161	131	0	0	0	0	0	292	292				292
-PVO Secretary	10	10	10	11	11	12	12	76		76			76
-Instit. Contract (PVO Support Team)	150	120	130	150	150	65	43	808	200	608			808
-Independent Audit Firm	10	50	50	50	60	60	20	300		300			300
-Fiscal Agent Services	100	100	100	100	100	100	100	700		700			700
-Trng and TA Fund	50	50	50	30	20	10	0	210		210			210
-PVO Team Office Space	10	10	11	11	12	12	13	79		79			79
III. COMMODITIES	100	18	12	57	12	12	12	223	223				223
IV. EVALUATION	50	60	65	75		25	50	325	325				325
V. CONTINGENCY				120	60	55	52	287	287				287
TOTALS	3041	4999	2553	3329	925	851	302	9500	3327	6173	4000	2500	16000

E. Cost Estimates

1. PVO Fund US\$12,700. This fund forms the centerpiece of the PVO Co-Financing Project. From this fund it is anticipated that approximately 35 subgrants to PVOs will be financed. AID's contribution to the fund is \$6,200,000. The GODR will provide the local currency equivalent of US\$4,000,000 in Host Country-Owned Local Currencies, which will be placed in a special Trust Account managed by A.I.D. with the assistance of a Fiscal Agent. Another US\$2,500,000 (local currency) is expected to be provided by PVO grantees.
2. Technical Assistance US\$2,465,000 will be provided to finance administrative functions in support of the implementation of the project. Included are the salaries of a PSC PVO Coordinator (2 years) and a PSC Secretary (7 years) (\$292,000 and \$76,000, respectively); and a contract with a firm to provide the services of a PVO Support Team (\$808,000 plus \$79,000 for office space rental). Also, an Independent Audit Firm's services will be contracted in the amount of \$300,000, and the services of a Fiscal Agent for \$700,000. A training and technical assistance fund of \$210,000 will enable the USAID to provide needed training and T.A. to PVOs via short-term consultants. The orientation conference is one example of such training.
3. Commodities US\$223,000. Commodities such as vehicles (6), office equipment and household effects for the PVO coordinator will be procured under this component.
4. Evaluation US\$325,000 is provided to carry out the three scheduled project evaluations.

VI. NEGOTIATING STATUS, CONDITIONS, AND COVENANTS

Negotiations with the GODR are well advanced. As evidenced by Annex B, the GODR is highly supportive of efforts to provide development interventions to the poor through private, non-governmental organizations. The GODR will agree to provide US\$4 million equivalent in Host Country Owned Local Currencies (HCOLC) to be held in Trust by the USAID, as described in this PP and Annex M.

A. Conditions Precedent Conditions Precedent include the standard legal opinion and specimen signatures. In addition, USAID will condition in the Project Agreement with the GODR that prior to disbursement of any funds other than for Technical Assistance, the GODR will have a signed Trust Fund Agreement and will provide the first tranche of the HCOLC funds. The Project Agreement will be signed by the Technical Secretariat of the Presidency, who has oversight responsibility for the management of these HCOLC funds for the GODR.

ANNEX A

LOGICAL FRAMEWORK MATRIX

NARRATIVE SUMMARY	OBJECTIVE VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>A. <u>GOAL:</u> To improve the well-being of geographically and economically isolated lower income groups in the Dominican Republic</p>	<p>-Improved earning capacity of selected groups of small farmers and poor urban dwellers. -Improved health status of urban and rural poor.</p>	<p>Central Bank reports ONAPLAN Publications Other National economic publications.</p>	<p>-Increased and improved social programs will alleviate critical needs of the poor and increase positive quality of life. -Impact of PVO programs not significantly offset by further declines in the economy.</p>
<p>B. <u>PURPOSE:</u> To increase the capacity of PVOs and other NGOs to deliver selected services and resources to the poor.</p>	<p>-300,000 rural and urban poor benefitting from PVO projects in the areas of hillside agriculture, health, water and sanitation -approximately 20 local PVOs institutionally strengthened. -Actual and perceived increase of USAID's links with the DR's low income groups and the PVO community.</p>	<p>-Project progress report -Project evaluation -PVOs status reports -Clipping from the Dominican press</p>	<p>-PVOs are capable of absorbing additional A.I.D. funds. -Sufficient PVOs have basic mgmt. capacity to take advantage of a new A.I.D. mechanism for PVO financing. -GODR continues to allow active PVO movement.</p>
<p>C. <u>OUTPUTS:</u> -Institutional mechanism to provide streamlined, effective management for USAID financed PVO projects. -Subgrants to PVO's. -Improved capacity of local PVOs to obtain and other donor financing for their activities.</p>	<p>-A system for subgrant development design, technical analysis and financial management assistance to PVOs. -35 successful subgrants approved. -TA provided to PVOs -Training provided to PVOs.</p>	<p>-Project evaluations -PVO status reports -Contractor status reports</p>	<p>-PVOs will relate well with a private contractor. -PVOs and target beneficiaries have resources to make counterpart contributions. -Large PVOs (like CEDOIS) will be willing to assist smaller PVOs in project preparation.</p>
<p>D. <u>INPUTS:</u> 1 PSC PVO Coordinator 1 PVO Support Team DA and LC funds for PVO/NGO activity fund.</p>	<p>PSC contracted -Competitively let institutional or PSC Contracts with U.S. firm and local individuals.</p>	<p>-Project evaluations -PVO status reports</p>	<p>-A.I.D. funds will be available. -GODR will make LC available in timely and efficient manner.</p>



República Dominicana

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Secretariado Técnico de la Presidencia

Santo Domingo, D. N.

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Señor Thomas W. Stukel
 Director
 Agencia para el Desarrollo Internacional (AID)
 Su Despacho

Distinguido Señor Director:

Como es de su conocimiento, el gobierno de la República Dominicana ha venido realizando ingentes esfuerzos con el propósito de mejorar las condiciones de vida de los sectores de más bajos ingresos de la sociedad Dominicana. Con tales fines hemos venido ejecutando una serie de proyectos dirigidos a resolver los problemas más inmediatos que afectan a estos segmentos de la población y se ha programado la ejecución de otros que habrán de contribuir significativamente a resolver esta problemática.

Sin embargo, la solución definitiva de un problema de esta magnitud amerita de la participación activa de todos los sectores que conforman la sociedad Dominicana. Esta participación podría lograrse a través de la utilización de los servicios de organizaciones privadas sin fines de lucro (OPVs), como vía para la implementación de un sinnúmero de proyectos dirigidos a mejorar el bienestar social de los sectores de mas bajos ingresos del país.

Es un hecho de todos conocido el dinámico crecimiento experimentado por el movimiento de organizaciones privadas sin fines de lucro en la República Dominicana durante los últimos años. Un estudio realizado en 1983 determinó la existencia de unas 400 organizaciones de este tipo dedicadas a la promoción de obras de bien social y de desarrollo económico.

Entre las áreas que han sido identificadas como prioritarias para la promoción de proyectos están: Desarrollo Comunitario, Cultivos Agrícolas en Laderas de Montañas, Aprovechamiento de Agua Potable, Prevención de Enfermedades y otras. Ha sido estimado que la realización de un esfuerzo de esta naturaleza requeriría de un monto aproximado al equivalente de US\$16.0 millones, los cuales habrían de utilizarse en la capitalización de la cartera de recursos del programa y para cubrir los costos operacionales y de asistencia técnica que se derivarían de su implementación.

Por este medio, solicito a la agencia para el Desarrollo Internacional (AID), en nombre del Gobierno de la República Dominicana, la donación de US\$9.5 millones (Nueve Millones Cincuenta Mil Dólares Estadounidenses) para ser utilizados durante un período de siete (7) años en la ejecución de un proyecto de co-financiamiento y apoyo a las OPV's. Como contribución de contrapartida, el Gobierno de la República Dominicana aportará un monto equivalente en Pesos Dominicanos de US\$4 millones, a un fondo de donaciones a los OPVs, de fondos de moneda local PL-480 y Fondo de Apoyo Económico. Además, esperamos que las OPVs por su parte contribuyan con un monto de aproximadamente US\$2.5 en pesos.

Espero, al igual que en otras ocasiones, la generosa colaboración de la A.I.D. Sin otro particular por el momento y esperando la buena acogida de la presente solicitud, se despide de usted.

Atentamente,

Lic. Roberto Martínez V.
Secretario Técnico de la Presidencia



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ANNEX C

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TAGS:

SUBJECT: PVO CO-FINANCING PROJECT (517-0247), PID

1. THE SUBJECT PID WAS APPROVED AT THE DAEC MEETING ON APRIL 24, 1989 AND THE MISSION CAN EXERCISE ITS DELEGATED AUTHORITY TO APPROVE AND AUTHORIZE THE PROJECT. THE MEETING WAS CHAIRED BY THE A/AA/LAC. THE MISSION WAS REPRESENTED BY THE DIRECTOR. FOLLOWING ARE THE RESULTS OF THE MEETING WITH BUREAU GUIDANCE.

2. ISSUE: SHOULD ELIGIBLE SUB-PROJECT ACTIVITIES BE LIMITED TO THE AREAS OF NATURAL RESOURCES MANAGEMENT, HEALTH, WATER AND SANITATION?

DISCUSSION AND DECISION: ALTHOUGH THE FINAL PROJECT DESIGN MAY PROVIDE FOR A FOCUS OF SUB-PROJECT ACTIVITIES ON NATURAL RESOURCES MANAGEMENT, HEALTH, WATER AND SANITATION, SUB-PROJECTS OR INTERVENTIONS IN OTHER TECHNICAL AREAS MAY ALSO BE CONSIDERED FOR FUNDING. THESE DO NOT NECESSARILY HAVE TO BE CONFINED TO THE AREAS OF EMPHASIS IN THE CDSS. OTHER AREAS COULD INCLUDE, FOR EXAMPLE, MICRO-ENTERPRISE DEVELOPMENT, FAMILY PLANNING AND BIODIVERSITY.

3. ISSUE: SHOULD PARTICIPATION OF U.S. PVOS IN THE PROJECT BE LIMITED TO THOSE OPERATING JOINTLY WITH LOCAL PVOS?

DISCUSSION AND DECISION: THE MISSION DIRECTOR EXPLAINED THAT USAID/DR WORKS WITH U.S. PVOS (CARE, SCF, CRS) UNDER A NUMBER OF OTHER PROJECTS. THIS NEW PROJECT REPRESENTS A MISSION INITIATIVE TO WORK CLOSELY WITH LOCAL PVOS. FOR THIS REASON THE MISSION PROPOSES TO FUND SUB-PROJECTS EITHER DIRECTLY WITH LOCAL PVOS OR JOINTLY WITH U.S. - LOCAL PVOS. THE MISSION WAS CAUTIONED THAT IT MAY RECEIVE STRONG OBJECTIONS FROM U.S. PVOS WHO WISH TO APPLY FOR SUB-PROJECT FUNDING. IT WAS AGREED THAT THE PP WOULD INCLUDE A FULL DISCUSSION OF THE MISSION'S RATIONALE AND STRATEGY FOR EITHER EXCLUDING U.S. PVOS NOT WORKING JOINTLY WITH LOCAL PVOS OR PERMITTING U.S. PVOS TO APPLY FOR GRANTS WITHOUT THE PARTICIPATION OF A LOCAL PVO.

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4. ISSUE: SHOULD AID UNDERTAKE A PROJECT WHICH HAS NO SUSTAINABILITY AND IS DESIGNED WITH A SPECIAL EMPHASIS ON OUTPUTS?

DISCUSSION AND DECISION: AS CURRENTLY PLANNED, THE PROJECT IS DEPENDENT ON THE SUB-PROJECTS AND RELATED OUTPUTS FOR OVERALL PROJECT SUCCESS. HOWEVER, IT WAS AGREED THAT THE PROJECT HAD A STRONG INSTITUTION-BUILDING-COMPONENT IN THE TECHNICAL ASSISTANCE TO BE PROVIDED TO LOCAL PVOS AND THIS SHOULD BE REFLECTED IN THE PROJECT PURPOSE. IT WAS AGREED THAT BOTE MISSION AND PROJECT-FUNDED MANAGEMENT SUPPORT WILL BE OFFERED TO THE LOCAL PVOS TO ASSURE MAXIMUM INSTITUTION-BUILDING. ASSISTANCE TO THE PVOS CAN BE OFFERED IN SUCH AREAS AS PREPARATION OF FUNDING PROPOSALS, ADMINISTRATION, FINANCIAL MANAGEMENT AND BOOKKEEPING, ETC:

purpose

5. ISSUE: WHAT IS THE APPROPRIATE IMPLEMENTING MECHANISM FOR THIS PROJECT? DOES THE ROLE PROPOSED IN THE PID FOR A TECHNICAL ASSISTANCE CONTRACTOR DISTANCE THE MISSION TOO MUCH FROM THE LOCAL PVOS AND THEIR BENEFICIARY GROUPS? IS THE USE OF AN INSTITUTIONAL CONTRACTOR COST EFFECTIVE?

DISCUSSION AND DECISION: THE ADVANTAGES AND DISADVANTAGES OF THE MISSION'S DIRECT PROJECT MANAGEMENT AND ITS RELATIONSHIPS WITH LOCAL PVOS AND THE ALTERNATIVE OF EMPLOYING A CONTRACTOR OR A US/DR PVO

PARTNERSHIP TO PERFORM THIS FUNCTION WERE DISCUSSED IN DETAIL.

BECAUSE OF THE BUREAU'S CONCERN (A) THAT WORKING WITH PVOS THROUGH AN INTERMEDIARY LIMITS THE OPPORTUNITY FOR A.I.D. TO WORK DIRECTLY WITH LOCAL COMMUNITY ORGANIZATIONS, (B) ABOUT THE LOSS OF VISIBILITY FOR AID WHICH CAN OCCUR WHEN INTERMEDIARIES COME BETWEEN AID AND THE BENEFICIARIES, AND (C) WITH THE HIGH COST FOR THE MANAGEMENT CONTRACT FOR AN UMBRELLA PROJECT (38-40 PERCENT OF PROJECT FUNDS), THE MISSION WAS ENCOURAGED NOT TO USE AN INSTITUTIONAL CONTRACTOR FOR PROJECT MANAGEMENT AND INSTEAD TO IMPLEMENT THE PROJECT DIRECTLY. TO DO THIS, THE MISSION SHOULD CONSIDER HAVING A USDR OR OE-FUNDED PSC MANAGE THE PROJECT AND UTILIZING PROGRAM FUNDED PSCS TO ASSIST SUB-GRANTEES AS APPROPRIATE. IF POSSIBLE THE MISSION SHOULD RECRUIT SUCH PSCS LOCALLY TO SAVE COSTS. LAC WILL LOOK INTO THE POSSIBILITY OF INCREASING THE MISSION'S OE BUDGET FOR THE OE-FUNDED PROJECT MANAGER. DURING PP PREPARATION THE MISSION WILL DESIGN AND COST OUT A MORE DIRECT ROLE

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FOR THE MISSION IN MANAGING THE PROJECT, INCLUDING THE USE OF PSCS. UNDER THIS SCENARIO IT MIGHT STILL BE APPROPRIATE FOR A CONTRACTOR TO PROVIDE COMMON IMPLEMENTATION/INSTITUTION-BUILDING SUPPORT TO THE LOCAL PVOS, SUCH AS IN THE AREAS OF TRAINING AND FINANCIAL MANAGEMENT. THE MISSION WOULD MANAGE THE SOLICITATION AND RECEIPT OF SUB-PROJECT PROPOSALS AND REVIEW OF THE PROPOSALS. WHATEVER FINAL DESIGN EMERGES, THE MISSION WILL APPROVE PROPOSALS/SUB-PROJECTS, AND NEGOTIATE AND SIGN DIRECT GRANTS TO THE PVOS. MISSION STAFF SHOULD ALSO PLAY A DIRECT ROLE IN MONITORING THE IMPLEMENTATION OF ACTIVITIES BY SUB-GRANTEES.

6. POINTS OF CLARIFICATION:

(A) NATURAL RESOURCE MANAGEMENT (NRM) INTERVENTIONS:

WHAT ARE THE MISSION'S GENERAL INTENTIONS REGARDING NATURAL RESOURCE MANAGEMENT? THE PID MAKES REFERENCE TO SMALL FARMER HILLSIDE AGRICULTURE BUT MAKES NO STATEMENT REGARDING OTHER POSSIBLE NRM INTERVENTIONS. IN THE PP, THE MISSION SHOULD BROADLY DEFINE NATURAL RESOURCE MANAGEMENT TO ALLOW FOR A RANGE OF SUB-PROJECT ACTIVITIES.

(B) MECHANISM FOR ADDRESSING ENVIRONMENTAL CONCERNS:

GIVEN THE RANGE AND POTENTIAL IMPACTS OF INTERVENTIONS WHICH WILL BE FUNDED UNDER THE PROJECT, THE FINAL PROJECT DESIGN SHOULD PROVIDE FOR APPROPRIATE ENVIRONMENTAL DESIGN INPUTS FOR THE SUBPROJECTS.

(C) SELECTION CRITERIA FOR SUB-PROJECTS:

MINIMUM SELECTION CRITERIA FOR SUB-PROJECTS SHOULD BE DISCUSSED IN THE PP. A FORMAT FOR A SUB-PROJECT PROPOSAL, INCLUDING DETAILS ON THE INFORMATION REQUIRED, MAY BE AN ANNEX TO THE PP OR MAY BE DEVELOPED DURING THE INITIAL MONTHS OF PROJECT IMPLEMENTATION. THERE WAS SOME DISCUSSION DURING THE ISSUES MEETING REGARDING TA TO PVOS FOR PREPARING SUB-PROJECT PROPOSALS. THERE WAS GENERAL AGREEMENT THAT TA TO IMPROVE THE QUALITY OF A PROPOSAL, TO STRENGTHEN A SPECIFIC POINT, OR TO PROVIDE TRAINING FOR PVOS IN PROPOSAL PREPARATION WOULD BE ACCEPTABLE BUT THAT THE PROVISION OF ASSISTANCE TO REWRITE AN UNACCEPTABLE PROPOSAL WOULD NOT BE THE BEST USE OF LIMITED RESOURCES.

(D) LOCAL CURRENCY MONITORING RESPONSIBILITIES:

THE PID EXPRESSES MISSION CONCERN ABOUT ITS RESPONSIBILITIES FOR MONITORING LOCAL CURRENCY WHICH WOULD BE PROVIDED BY THE GODR FROM PL 480 GENERATIONS AND ISF COUNTERPART. CONFORMING WITH A.I.D.'S GUIDANCE ON LOCAL CURRENCY MONITORING SHOULD NOT ENTAIL ADDITIONAL WORK BECAUSE THE GUIDANCE REQUIRES ESSENTIALLY THE SAME LEVEL OF OVERSIGHT FOR LOCAL CURRENCY WHETHER OR NOT IT IS PROJECTIZED.

(E) PSC COSTS:

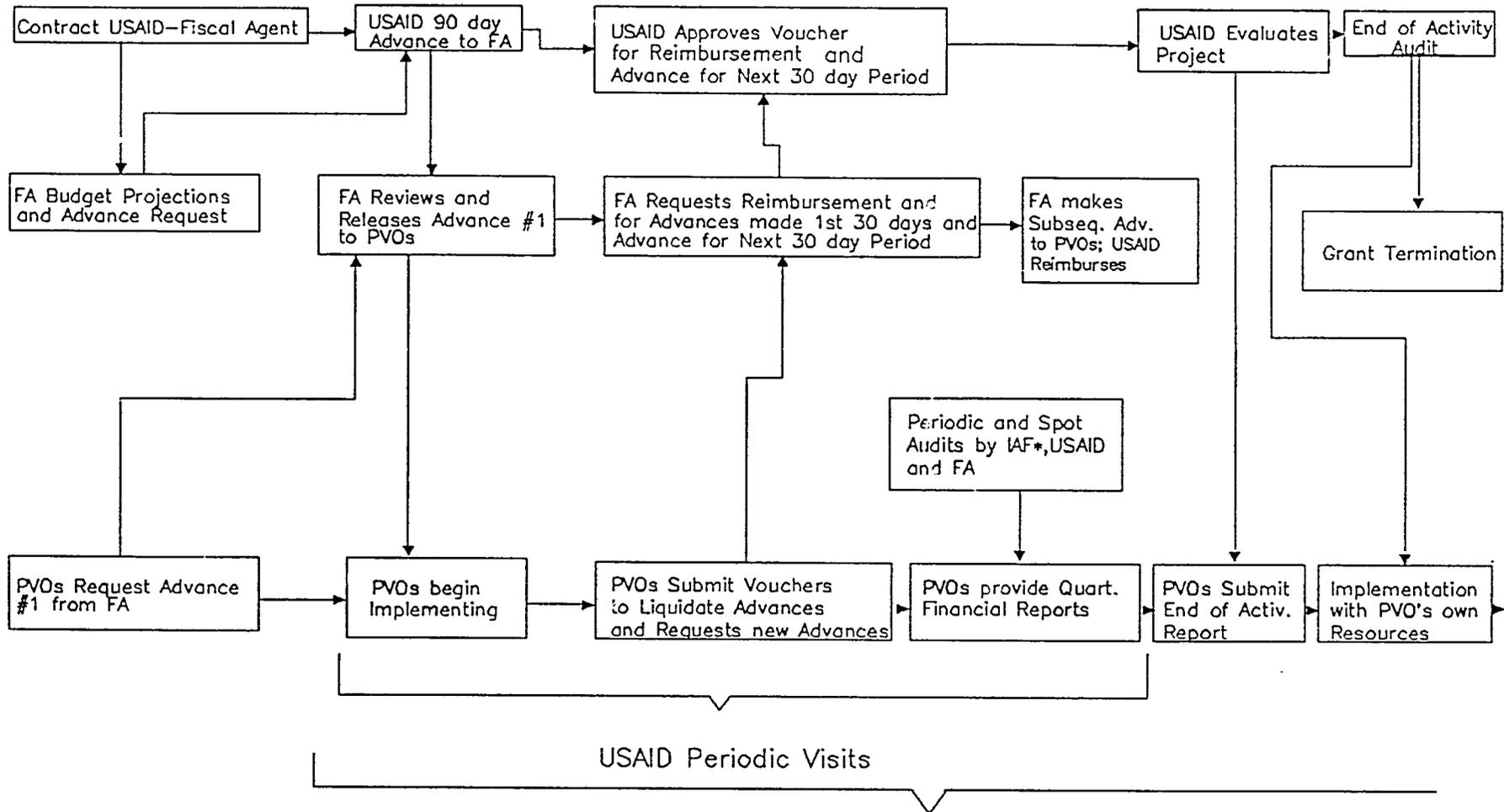
THE BUDGET ESTIMATES THE COST OF ONE U.S. PSC FOR TWO YEARS AT DOLS 360,000. THIS ESTIMATE SEEMS EXTREMELY HIGH. EXPLORATION OF THE AVAILABILITY OF NEEDED SKILLS WITHIN THE DEPENDENT OR EXPATRIATE COMMUNITY MAY LEAD TO SUBSTANTIALLY LOWER COSTS FOR RECRUITING PSCS.

(F) ROLE OF THE PSC PVO COORDINATOR:

THE ROLE OF THE PSC PVO COORDINATOR SHOULD BE CLEARLY DEFINED IN THE PP AND SHOULD ENSURE THAT, IF THIS PSC IS PROJECT FUNDED, THE ROLE DOES NOT INVOLVE PERFORMING FUNCTIONS RESERVED FOR OE-FUNDED PERSONNEL. AS PRESENTED IN THE PID, A QUOTE MISSION PVO COORDINATOR UNQUOTE WOULD APPEAR TO PERFORM ELEMENTS OF AN OE ROLE. EAGLEBURGER
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Implementation



FA—Fiscal Agent
 *IAF—Independent Audit Firm

PVO Implementation

ANNEX E

Detailed Implementation Arrangements

A. Detailed Implementation Schedule

The PVO Co-Financing Project contemplates financing approximately 15 Development Assistance funded and 20 Local Currency Program Trust Fund subgrants, which over the life-of-project will be approved and implemented at a rate detailed as follows:

The project has the following four phases:

- Project Start Up;
- Interim Phase;
- Full level Project Implementation and Operations
- Phase-Down or Redesign

Start-up Phase (4 Quarters)

The start-up phase includes the first four quarters of the Project, i.e., through October 1990.

The first five months will be devoted to mobilization and organization of the PVO Coordinating Unit, finalizing terms of reference, and competitive procurement of the various contractors, and initial contacts with PVOs to begin collaboration on project implementation.

In March 1990, the Project will be publicly launched with a major PVO orientation conference. This will coincide with the first funding cycle for local PVOs. At this time training and advisory assistance to PVOs will begin. During the three quarters from March 1990 in the workplan detailed below, there will be one funding cycle, seven 2-3 day training sessions, and advisory services provided related to project funding. The number of activities and funding decisions reflects one-seventh of the level of activity over the whole project.

Specific tasks to be completed during the 4 quarters of start-up are describe below on a monthly basis.

YEAR 1 START-UP PHASE: Implementation Plan

<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>
<ul style="list-style-type: none"> -CPS Net -PVO Coordinator arrives -Develop RFTP for Instit -Fid. Agent begins -Develop RFTP for Fiduciary Agent -Develop RFTP for Indep Auditing Firm -Begin Revision of Mission Order on PVOs and NGOs -Begin contacts with PVO Community -Issue PIO/C for PVO Office Equip and HHE -Issue PIO/C for vehicles 	<ul style="list-style-type: none"> -Advertise for Instit Contract -Advertise for Fiduciary Inst -Continue Revision of Mission -Begin preparations -Cont contacts with PVOs 	<ul style="list-style-type: none"> -Advertise for Auditing firm. -Complete revision of Mission Order. -PVO Coordinator prepares second Semi-Annual Review report to meet Mission report -Establish Subproject Selection Committee -Project Offices selected. 	<ul style="list-style-type: none"> -Evaluate and Select proposals for Instit Contract -Evaluate and Select Fiduciary Agent. -USAID opens L/Credit 	<ul style="list-style-type: none"> -Instit Contractor in office quarters -Instit Contract begins mobilization -Fid. Agent begins operating. -Begin preparation for USAID PVO Orientation Conference. -Select Auditing firm. -PVO vehicles arrive. -USAID/Instit Contr training give procedures sessions. 	<ul style="list-style-type: none"> -Continue prep for PVO Rpt from Instit Contr -Finalist literature and proposal forms -Prepare Handbook and Descriptive Literature. -Interim phase subproject proposals submitted.
<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>
<ul style="list-style-type: none"> -Continue prep for PVO Orientation Conf. -Subproject approval procedures in effect. -Interim phase proposals approved. Management held. 	<ul style="list-style-type: none"> -<u>USAID PVO Orientation Conference held</u> 	<ul style="list-style-type: none"> -Inst Contr Quarterly Rpt -First USAID Quarterly PVO newspaper issued -<u>Regular Subproject approval cycle begins.</u> Concepts papers and proposals begin to be submitted. 	<ul style="list-style-type: none"> -Training Session in Project management held -Training Session in Pm mgmt held -Local PVO Grant awarded to assist small PVOs on organizations strengthening -First ST tech asst used to help review subprojects 	<ul style="list-style-type: none"> -Sub-activity Selection Committee meets for first regular session to review and select submitted proposals. (Henceforth Committee will meet semi-annually.) 	<ul style="list-style-type: none"> -Instit Contr Quarterly Rpt -Training Session on Financial -USAID PVO newsletter issued.

Interim Phase: Year 2

In the second year of the Project, the activity level will increase to two-thirds of the level of full operations.

- DA subgrants will be approved and select local currency grants will be approved;
- Projects approved the previous year will be under implementation and monitoring;
- Office systems and procedures will be continuously refined on the basis of the annual project review, financial monitoring, and as experience is gained with grant-making and the provision of training and advisory services;
- There will be two subgrant review and approval cycles and approximately 3 DA and 5 local currency subgrant activities will have been approved;
- Technical and other services will be procured as necessary by the Institutional Contractor. Quarterly reports will continue to be submitted and two Semi-Annual project reviews held. There will be continuous monitoring of the elements of funding decisions: regional distribution, nature of activities, average size of grants, impact on the role of women, level of technical complexity;
- In Project Month 20, preparations will be made for the first evaluation of the project which will be carried out between Project Month 24 and Project Month 28;
- Two weeks before the end of PY 2, the Institutional Contractor will submit an annual work plan to USAID/DR;
- Four USAID Quarterly PVO Newsletters will be issued during the period;

Continued Project Operations: Year 3-5

- By year three the annual rate of subgrant review and approval will have achieved its maximum (DA) and Local Currency grants 5) will be approved and by year four, implementation and monitoring will be at its highest level with 22 subgrants being monitored;
- The first Project Evaluation will have been undertaken by the end of Project Month 28;
- Adjustments to the Project will be undertaken according to recommendations made in the evaluation;

- Project activities will continue on the basis of annual workplans including approximately nine training sessions and nine person months of technical advisory services;
- Approximately four PVOs will be evaluated annually;
- There will be continuous monitoring and refinement of the project activities and systems, quarterly reports will be submitted and semi-annual project reviews held;
- By the end of Year 4, a mid-course evaluation will be carried out to assess the outputs of the project. The Scope of Work will be developed by the PVO Coordinator in coordination with the USAID Evaluation Officer. Resources will come from within the project;
- Year 5 will be the last year of funding of new PVO activities and only for those subproject proposals for LOPs of two years;
- In Project Year 5, two project vehicles will be replaced;
- Twelve USAID Quarterly Newsletters will be issued during the period.

Phase Down or Redesign: Years 6-7

- Early in Year 6, the PVO Coordinator and the Institutional Contractor will jointly develop the scope of work for the final impact evaluation of the project which will take place within months 58-64;
- Based on the impact evaluation, A.I.D. will either begin to phase out the project, turn over to other donors as many functions as possible, or redesign the Project Concept and continue the activities;
- Quarterly reports and annual workplans will be submitted and semi-annual project reviews continued to be held;
 - Five PVOs will be evaluated per year and special studies on PVOs will be made and disseminated;
 - Eight USAID Quarterly Newsletters will be issued.

B. Basic Functions of the Members of the Institutional PVO Support Contract Team

1. Chief of Party (1)

- Assist PVO Coord. in preparing Annual Workplan for PVO Program.
- Coordinate Approval, Implementation, Evaluation and Reporting projects to A.I.D.
- Provide feedback on project progress, strategy, and criteria.
- Coordinate PVO Registration.
- Coordinate training/program promotion/newsletter/seminars.
- Coordinate proposal review process.
- Coordinate liaison with USAID Div.
- Coordinate technical assistance to PVO on projects.
- Coordinate financial management of fund.
- Coordinate reporting to USAID.
- Coordinate USAID liaison with PVO
- Prepare USAID's semi-annual project report.
- Establish mechanism for systematic on-site inspection of subprojects.

2. Program Associate (2)

- Coordinate subproject handling
- Draft USAID letters
- Assist COP in promoting USAID PVO Project
- Organize quarterly seminars on project development, A.I.D. procedures, Project implementation, Financial management and reporting
- Produce USAID quarterly newsletter on PVO activities
- Create and maintain information system on PVOs for A.I.D.
- Review Non-HE, Non-Ag proposals or obtain ST TA
- Coordinate Non-HE, Non-Ag proposals with A.I.D. technical office
- Facilitate USAID PVO registration
- Prepare documentation for obtaining ST TA
- Coordinate subproject evaluations
- Provide assessment of PVO administrative capabilities
- Coordinate semi-annual reports to PVO coordinator on subprojects
- Establish PVO orientation program
- Draft USAID semi-annual project review report on Co-Financing Project
- Coordinate logistical support for Contracting Unit
- Prepare PIO/Ts for subproject signing by contracts office
- Make site visits and coordinate USAID site visits
- Arrange for non-health and non-agriculture when needed

3. Technical Associate (Health - Agriculture) (2)

- Review Proposals related to individual's technical expertise
- Coordinate with Technical Divisions
- Assist PVO in impr. proposal
- Conduct site visits
- Monitor subproject implementation
- Report on subproject implementation
- Assist in Evaluation
- Provide pres. to Selection Committee
- Implementation follow-up
- Provide assessments of PVO tech cap

4. Financial Management Associate (2)

- Facilitate USAID's financial monitoring of project.
- Monitor subproject financial reports.
- Assure all vouchers prepared to A.I.D. regulations.
- Facilitate USAID/CONT site visits.
- Make financial site visits.
- Assess PVO financial management capabilities.
- Oversee, strengthen PVO accounting, bookkeeping, reporting to USAID.
- Assure monthly PVO financial reports.
- Prepare monthly cash flow.
- Accounting liaison with Controller.
- Assist in overall accounting for PVO Co-Financing Project.
- Assure financial information in form that Controller can make necessary for assessments, transaction with greatest efficiency.

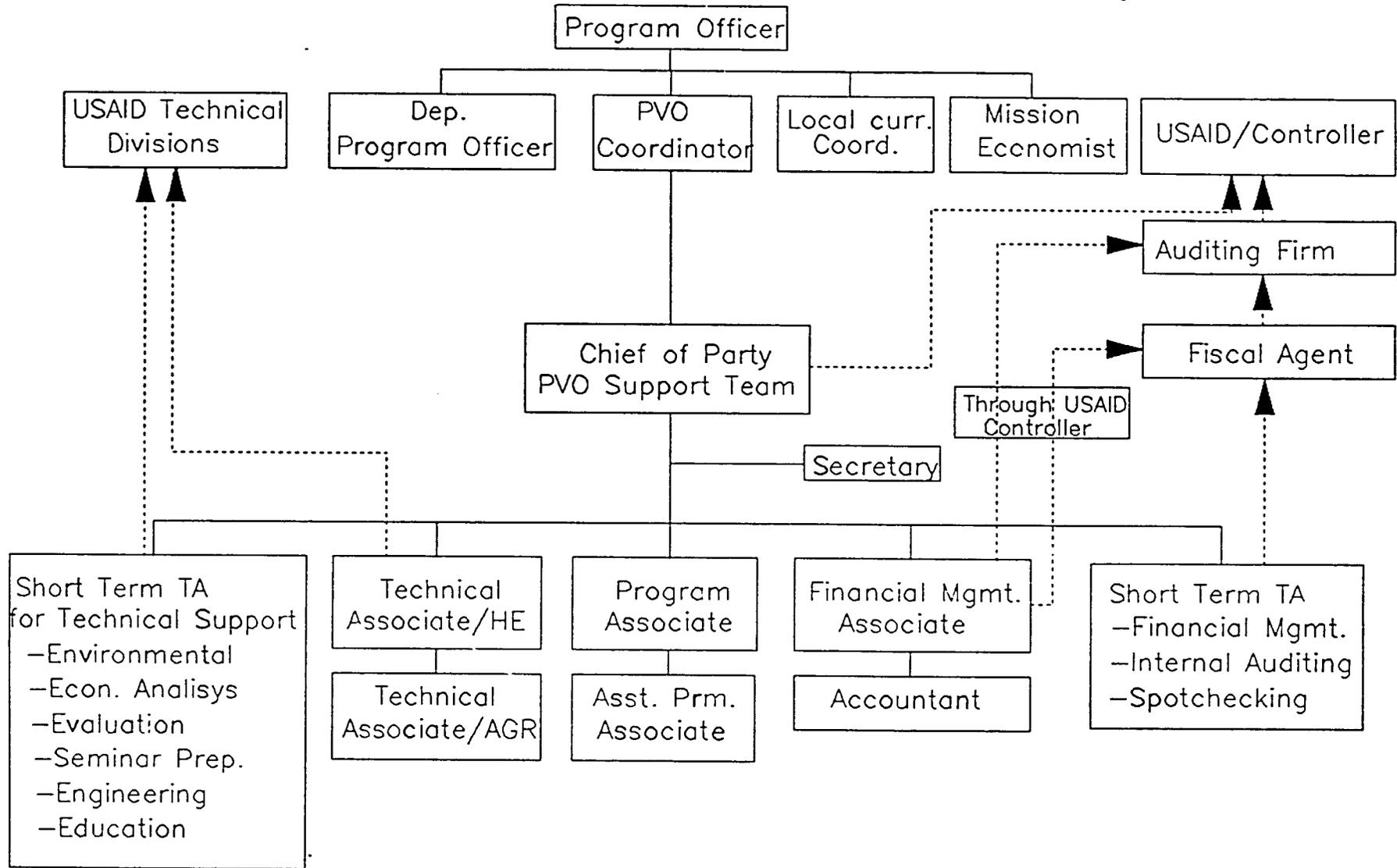
5. Short Term TA for Technical Support (18 pm)

- Environment
- Economic Analysis
- Evaluation
- Seminar Prep.
- Engineering
- Education

C. Basic Functions of the Fiscal Agent (Bank)

- Provide individual advances for subgrants
- Ascertain validity of PVO documentation for liquidation of outstanding balances
- Report to USAID on overall PVO cash needs
- Financial monitoring of participating PVOs
- Spot audits as agreed
- Provide documentation for project financial management

Program Office, Organizational Chart of USAID and PVO Coordinating Unit



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ANNEX G

Institutional Analysis

Objective:

The objective of the institutional analysis is to examine whether socially or developmentally oriented Private Volunteer Organizations (PVO's) are willing and able to meet the responsibilities assigned to them under the PVO Co-Financing Project, and to evaluate USAID's ability to carry its project.

Methodology:

The institutional analysis was conducted using the following methodology:

1. An informal survey was conducted of PVO's with current programs in the following areas of interest: a) income generation activities; b) healthy delivery; c) housing; d) natural resource management; e) agriculture; f) education (no formal); h) community development; and i) water and sanitation (information was achieved by consulting with A.I.D. staff members, Peace Corps Program Managers, private consultants currently working with PVO's, and the Directory of Private Institutions with Social Interest -Directorio de Instituciones Privadas de Interés Social de la República Dominicana 1986-1988- edited by CEDOIS (-Centro Dominicano de Organizaciones de Interés Social-)).
2. A list of PVO's was developed with efforts to include a range of existing organizations with interesting programs that address the needs of the critically poor.
3. Information on the selected PVO's was gathered from a variety of sources, (personal interviews, periodic and annual reports, and private consultants) to obtain the following data:
 - a) Identification
 - b) Type of programs offered by the organization
 - c) Areas of action
 - d) Characteristics of the organization
 - e) Number and type of beneficiaries
 - f) Assistance needed to participate in the project
 - g) Additional activities within the project
 - h) Interest level for participation in the project

Results

There are more than 400 socially or developmentally oriented Private Volunteer Organizations registered with the Dominican Government, of these, approximately 2300 are active. This analysis is based on the examination of 30 organizations that work on national, regional and local levels providing services to both rural and urban populations in the following areas of interest:

- A. Income Generation
- B. Health
- C. Housing
- D. Natural Resources Management
- E. Agriculture
- F. Education (no formal)
- G. Programs for Women
- H. Community Development
- I. Water and Sanitation

Table 1 presents the number of organizations with activities in these areas.

TABLE 1

<u>PROGRAMS OFFERED</u>	<u>NO. OF PVO's OFFERING SERVICES</u>
A	14
B	8
C	8
D	7
E	14
F	12
G	7
H	18
I	<u>2</u>
	90

As illustrated in the Table, these 30 organizations offer 90 distinct programs to the community.

Estimates for the number of beneficiaries served by these programs are very rough (accurate keeping is not widely practiced).

The figures reported in this study are for total number of beneficiaries served by the organization to date (it is assumed that the target population is the same for all of the programs being offered by the PVO's). Table 2 presents the number of direct beneficiaries by Program:

TABLE 2

<u>PROGRAM</u>	<u>NUMBER OF ORGANIZATIONS</u>	<u>NO. OF DIRECT BENEFICIARIES</u>	<u>AVE. NO. OF BENEFICIARIES</u>	<u>TYPE OF POPULATION SERVED</u>		
				<u>URBAN</u>	<u>RURAL</u>	<u>U+R</u>
A	14	56,491	4,035	4	5	5
B	8	39,779*	4,972	2	3	3
C	8	38,190	4,774	1	2	5
D	7	24,074	3,009	-	4	3
E	14	41,742*	2,982	-	8	6
F	12	74,794*	6,233	2	3	7
G	7	26,857	3,837	2	3	2
H	18	68,665*	4,039	2	9	7
I	2	8,808	4,404	-	2	-

*One organization did not give an estimate

All of the organizations contacted are interested in A.I.D.'s proposal to streamline a mechanism to channel funds to selected PVO's.

The PVO's most likely to qualify for the project are those PVO's that have substantial outreach, qualified personnel, and strong administrative, financial, and technical management (Category 1).

PVO's that are weak in one area of management but have substantial outreach and qualified personnel (Category 2) could qualify for the project by receiving technical assistance to correct specific problems.

Those organizations with weak management and limited outreach (Category 3) would not qualify for the project.

Table 3 presents the number of organizations in each category:

TABLE 3

<u>QUALIFICATIONS FOR PROJECT PARTICIPATION</u>	<u>NUMBER OF ORGANIZATIONS</u>
Category 1 (Strong)	15
Category 2 (Medium)	7
Category 3 (Limited)	<u>8</u>
	30

The analyst found that there are various organizations from Category 1 with the capacity and organizational structure to permit them to act as intermediaries for other organizations. The majority of these institutions are regional umbrella organizations which coordinate the activities of various agencies (e.g. FUNDESIRE, INDESUR).

The needs of the organizations differ according to their characteristics. The institutions needs are indicated below:

Financial Assistance	29
Technical Assistance	25
Training	2

The analysis indicates that most PVOs are in need of financial assistance. Table 4 gives suggested limits for the funding of sub-activities under the project, based on the PVO's capabilities and past track record. Included in the Table are estimates for the number of beneficiaries expected to participate according to activity. (This estimate is based on institutional cost per beneficiary --employment generation - \$1750 (RD\$11,000); counseling/advise - \$200; train/teach - \$80 (RD\$500)).

TABLE 4

<u>FINANCIAL ASSISTANCE</u> <u>(US\$)</u>	<u>INCOME</u> <u>GENERATION</u>	<u>BENEFICIARIES</u> <u>COUNSEL/ADVISE</u>	<u>TEACH/TRAIN</u>
Category 1 \$200,000-\$1,000,000	114-625	1,000-5,000	2,500-12,500
Category 2 \$ 50,000-\$ 200,000	29-114	250-1,000	625- 2,500
Category 3 up to - \$50,000	- 29	- 250	- 625

Presented is annexed matrixes are descriptions of the PVOs included in the analysis. The information consists of:

1. Identification
2. Existing program
3. Areas of action
4. Beneficiaries
5. Characteristics of the organization
6. Assistance required
7. Organizational strength and potential activities within the project

The analyst considers the USAID has the capability to carry its planned PVO project as indicated in the project design. On most counts the analyst finds that the project design is properly focused and the kind of support planned (technical assistance, training, and funding) are appropriate.

The analyst recommends however, that direct and constant supervision of sub-activities under the project is essential if AID's objectives for the PVO Co-Financing Project are to be achieved.

DESCRIPTION OF PRIVATE VOLUNTEER ORGANIZATIONS

ORGANIZATIONS	EXISTING PROGRAMS									AREA(S) OF ACTION	BENEFICIARIES	CHARACTERISTICS OF THE ORGANIZATIONS	ASSISTANCE REQUIRED	ORGANIZATIONAL STRENGTH
	A	B	C	D	E	F	G	H	I					
1) Asociación Dominicana para el Desarrollo de la Mujer (ADOPEM) Ave. Mexico No. 22 Santo Domingo 698-7438	X						X			San Cristobal Santo Domingo La Vega (regional)	Urban women 2,263 direct	<ul style="list-style-type: none"> - Adequate management system for institutions needs - Qualified personnel - Solid loan portfolio - Strong credibility and acceptance within target communities 	<p>Financial Assistance to expand loan portfolio and achieve auto-sufficiency</p> <p>Technical Assistance to reevaluate management style due to high rate of personnel turnover</p>	Strong candidate (Category 1)
2) Asociación Fundación San Jose San Martin No. 102 Santo Domingo 565-0125			X	X					X	Matas de Farfan Sabaneta, Azua (regional)	Urban and rural 428 direct	<ul style="list-style-type: none"> - Management capabilities limited - Lack of technical personnel - Limited program outreach 	<p>Technical Assistance to evaluate organizational weaknesses</p> <p>Financial Assistance to contract qualified personnel</p> <p>Training</p>	Weak candidate (Category 3)
3) Asociación para el Desarrollo de Microempresas (ADEME) Vicente Celestino Duarte No. 43 - Zona Colonial Santo Domingo 699-6283	X									National	Urban 6,200 direct	<ul style="list-style-type: none"> - Excellent financial, administrative and technical management - Model program - Qualified personnel - Program has high degree of impact in the poorest sectors 	<p>Financial Assistance to expand program outreach</p>	Strong candidate (Category 1)

DESCRIPTION OF PRIVATE VOLUNTEER ORGANIZATIONS

ORGANIZATIONS	EXISTING PROGRAMS									AREA(S) OF ACTION	BENEFICIARIES	CHARACTERISTICS OF THE ORGANIZATIONS	ASSISTANCE REQUIRED	ORGANIZATIONAL STRENGTH
	A	B	C	D	E	F	G	H	I					
4) Asociación de Alfabetización y Literatura Cristiana (Alfalit Dominicana) Arzobispo Meriño No.109 (Altos) Zona Colonial Santo Domingo 687-8371					X	X			X	Southern region Azua	Rural 1,230 direct	<ul style="list-style-type: none"> - Weak board of directors - Management capabilities limited - Lack of personnel - Limited impact with in target population 	<p>Technical Assistance to reevaluate administrative and financial systems and to reevaluate program's methodology</p> <p>Financial Assistance to strengthen and expand programs, to contract personnel</p> <p>Training</p>	Weak candidate (Category 3)
5) Acción Evangélica de Desarrollo (AED) Batalla de Merozo No.104 Mata Hambre, La Feria Santo Domingo 533-7956	X		X						X	Cibao region	Rural 675 direct	<ul style="list-style-type: none"> - Management capabilities limited - Lack of personnel - Program outreach limited 	<p>Technical Assistance to strengthen management</p> <p>Financial Assistance to contract personnel, expand program outreach</p>	Weak candidate (Category 3)
6) Asociación para el Desarrollo de San José de Ocoa Andrés Duarte esq. Pinar tel, San José de Ocoa Paravia 558-2346		X	X	X					X	Area around San José de Ocoa	Urban and rural 2,300 direct	<ul style="list-style-type: none"> - Strong management capabilities - Administrative and organizational structure well defined - Qualified personnel - Solid programs with substantial outreach 	<p>Financial Assistance to strengthen programs and expand outreach</p> <p>Technical Assistance to train and reinforce technical personnel</p>	Strong candidate (Category 1) Capable of being an intermediary

DESCRIPTION OF PRIVATE VOLUNTEER ORGANIZATIONS

ORGANIZATIONS	EXISTING PROGRAMS									AREA(S) OF ACTION	BENEFICIARIES	CHARACTERISTICS OF THE ORGANIZATIONS	ASSISTANCE REQUIRED	ORGANIZATIONAL STRENGTH
	A	B	C	D	E	F	G	H	I					
7) Asociación Dominicana de Rehabilitación Ave. John F. Kennedy esq. Leopoldo Navarro Miraflores Santo Domingo 608-5444		X				X				National	Urban and rural 1,600 direct	<ul style="list-style-type: none"> - Management capabilities adequate for the needs of the institution - Qualified personnel 	<ul style="list-style-type: none"> Technical Assistance to improve administrative, financial and technical management Financial Assistance to contract personnel to expand program outreach 	Good candidate (Category 2)
8) Asociación para el Desarrollo de la Provincia Espaillat (Moca) Presidente Vasquez No.52 Moca, Espaillat	X				X				X	Area around Moca	Rural 3,200 direct	<ul style="list-style-type: none"> - Dynamic Board of Directors - Organizational structure solid - Strong management capabilities - Qualified personnel - Programs have credibility and are accepted within target population 	<ul style="list-style-type: none"> Financial Assistance to expand program outreach Technical Assistance to evaluate impact of programs, contract personnel 	Strong candidate (Category 1) Capable of acting as an intermediary
9) Asociación para el Desarrollo de la Provincia Sánchez Ramírez Calle Colon 20 Cotui 585-2333			X		X				X	Province Sanchez Ramirez	Rural and urban 1,300 direct	<ul style="list-style-type: none"> - Address the needs of the poorest of the region - Institutional credibility and acceptance - Limited management capability - Lack of technical personnel 	<ul style="list-style-type: none"> Technical Assistance to strengthen and expand program outreach, re-define institutional methodology and contract new personnel 	Weak candidate (Category 3)

DESCRIPTION OF PRIVATE VOLUNTEER ORGANIZATIONS

ORGANIZATIONS	EXISTING PROGRAMS									AREA(S) OF ACTION	BENEFICIARIES	CHARACTERISTICS OF THE ORGANIZATIONS	ASSISTANCE REQUIRED	ORGANIZATIONAL STRENGTH
	A	B	C	D	E	F	G	H	I					
10) Acción Social de Promoción Humana Campesina ASPHC Autopista La Herradura Km.5 1/2 La Herradura, Santiago	X				X				X	Regional Area of Santiago	Rural 2,734 direct	- Administrative, financial and technical management adequate - Qualified personnel - Programs with strong impact on target population	Financial Assistance for program expansion Technical Assistance to evaluate program impact, and to strengthen technical personnel	Strong candidate (Category 1)
11) Asociación para el Desarrollo de la Provincia Duarte San Francisco de Macorís	X		X		X					Province of Duarte San Francisco de Macorís Nagua Castillo	Rural and urban 3,319 direct	- Administrative, financial and technical management adequate for institution needs - Qualified personnel - Programs have strong influence in the areas of action	Financial Assistance to increase program outreach Technical Assistance to revise methodologies	Strong candidate (Category 1) Capable of acting as intermediary
12) Asociación para la Inversión y Empleo (ASPIRE) R.A. Sánchez No.5 Santo Domingo 566-8987	X									Santo Domingo Villa Altagracia San Cristóbal	Urban 1,800 direct	- Limited management capabilities - Qualified personnel	Financial Assistance to expand credit program Technical Assistance to revise the institutions methodologies	Weak candidate (Category 3)

DESCRIPTION OF PRIVATE VOLUNTEER ORGANIZATIONS

ORGANIZATIONS	EXISTING PROGRAMS									AREA(S) OF ACTION	BENEFICIARIES	CHARACTERISTICS OF THE ORGANIZATIONS	ASSISTANCE REQUIRED	ORGANIZATIONAL STRENGTH	
	A	B	C	D	E	F	G	H	I						
13) Centro de Integración Familiar Vicente Celestino Duarte No. 21 Zona Colonial Santo Domingo 685-6236	X					X	X	X			Santo Domingo	Urban 10,000 direct	- Acceptable administrative and accounting systems - Qualified personnel - High level of impact in the poorest sectors	<u>Financial Assistance</u> for personnel, equipment, material and to fund credit program	Strong candidate (Category 1)
14) Consejo Inter-Institucional CII VIVIENDAS Aristides Fiallo Cabral No. 103 Garcue Santo Domingo 683-0795			X			X					National	Urban and rural 4,700 direct	- The institution possess the administrative, financial and technical capacity to develop their programs satisfactorily - Capable personnel	<u>Technical Assistance</u> to evaluate the impact of their programs <u>Financial Assistance</u> to employ more personnel, increase salaries and to expand programs outreach	Strong candidate (Category 1)
15) Casa Abierta (Fundación Pablo VI) José Reyes No. 153-1 Zona Colonial Santo Domingo 689-9067		X				X					National	Urban and rural 22,000 direct	- Technical, administrative and financial management adequate to realize the institutional programs - Capable and dedicated personnel	<u>Financial Assistance</u> for personnel, office equipment <u>Technical Assistance</u> to compile statistics and information	Strong candidate (Category 1)

ORGANIZATIONS	EXISTING PROGRAMS									AREA(S) OF ACTION	BENEFICIARIES	CHARACTERISTICS OF THE ORGANIZATIONS	ASSISTANCE REQUIRED		ORGANIZATIONAL STRENGTH
	A	B	C	D	E	F	G	H	I				Financial Assistance	Technical Assistance	
República Dominicana 10 esq. 51 La Fe Santo Domingo 1746		X			X	X	X	X		National (San Juan, Mao, Santia- go, La Vega, Higüey, San Francisco de Macor- ris)	Urban and rural 4,000 direct	- Adequate administra- tive, financial and technical management for institutions needs - Qualified personnel - Credibility - Limited management capability - Lack of technical personnel	Financial Assistance Technical Assistance	Strong candidate (Category 1)	
Fundación Natura Domini- ana Gustavo Mejía Ricart No.9 c/ El Millón Santo Domingo		X			X					Southeast region	Urban and rural 423 direct	- Adequate financial and administrative capability - Lack of personnel	Technical Assistance to evaluate administrative, financial and operatio- nal systems Financial Assistance to expand programs, con- tract qualified person- nel	Weak candidate (Category 3)	
Fundación para el Mejora- miento Humano (PROGRESSIO) Av. Maximo Gomez esq. 27 de Febrero Miraflores Santo Domingo 685-9562								X		Regional South and East regions Cotui, La Romana, San Jose de Ocoa	Rural 1,700 direct	- Innovative ideas in national resource management	Financial Assistance to employ more personnel to expand programs outreach	Good candidate (Category 2)	

DOCUMENTO CONFIDENCIAL

Best Available Document

DESCRIPTION OF PRIVATE VOLUNTEER ORGANIZATIONS

ORGANIZATIONS	EXISTING PROGRAMS									AREA(S) OF ACTION	BENEFICIARIES	CHARACTERISTICS OF THE ORGANIZATIONS	ASSISTANCE REQUIRED	ORGANIZATIONAL STRENGTH
	A	B	C	D	E	F	G	H	I					
19) Fundación para el Desarrollo Comunitario (FUDECO) Abraham Lincoln No. 1065 Piantini Santo Domingo 567-3371/5455	X			X	X				X	Regional (Loma de Cabrera, Matas de Farfán)	Rural 2,736 direct	<ul style="list-style-type: none"> - Management capabilities satisfactory for institutions needs - Qualified personnel (but high turnover) - Strong social and economic influence on target population 	<p><u>Technical Assistance</u> to evaluate impact of programs on communities</p> <p><u>Financial Assistance</u> to strengthen programs to expand outreach</p>	Strong candidate (Category 1)
20) Fundación Nacional para el Desarrollo de la Juventud Rural (FUNDEJUR) Rancho Santana No. 373 Zona Universitaria Santo Domingo 695-7957	X				X	X	X			South and east regions	Rural 1,786 direct	<ul style="list-style-type: none"> - Limited management capabilities - Lack of adequate personnel - Programs with limited impact 	<p><u>Technical Assistance</u> to evaluate program methodology and to train technical personnel in technical methodology</p> <p><u>Financial Assistance</u></p>	Weak candidate (Category 3)
21) Fundación para el Desarrollo Integral de la Región Este (FUNDESIRE) Av. Circunvalación San Pedro de Macoris 529-4889	X			X	X				X	Eastern region	Urban and rural 15,000 direct	<ul style="list-style-type: none"> - Solid institutional development - Qualified personnel - Credibility and acceptance among beneficiaries 	<p><u>Financial Assistance</u> to strengthen and expand program</p>	Strong candidate (Category 1)

DESCRIPTION OF PRIVATE VOLUNTEER ORGANIZATIONS

ORGANIZATIONS	EXISTING PROGRAMS									AREA(S) OF ACTION	BENEFICIARIES	CHARACTERISTICS OF THE ORGANIZATIONS	ASSISTANCE REQUIRED	ORGANIZATIONAL STRENGTH
	A	B	C	D	E	F	G	H	I					
22) Fundaci6n Dominicana de Desarrollo Mercedes No.4 Zona Colonial Santo Domingo 688-8101	X				X				X	National	Urban and rural 2,930 direct	<ul style="list-style-type: none"> - The institution is recovering from a crisis - Administrative and operational structure is being reevaluated - High rate of staff turnover 	<p>Technical Assistance to redefine institutions objectives, reorient programs to address needs of the population</p> <p>Financial Assistance to contract dedicated personnel</p>	Good candidate (Category 2)
23) Floresta Inc. Jonas Salk No.52 esq. Dr. Piñeyro Zona Universitaria Santo Domingo 686-4554	X			X	X					Regional (Villa Altagracia, Bonao)	Rural 300 direct	<ul style="list-style-type: none"> - Limited institutional development - Lack of personnel - Limited supervision and follow up of projects 	<p>Technical Assistance to improve administrative, financial and operative structures</p> <p>Financial Assistance to contract new personnel, evaluate programs impacts and expand outreach</p>	Weak candidate (Category 3)
24) Instituto de la Familia Cervantes No.159 Gazcue Santo Domingo 686-5191/682-9557			X					X	X	Urban areas around Santo Domingo	Not given	<ul style="list-style-type: none"> - Limited institutional development - Qualified personnel - Strong credibility and acceptance within target population 	<p>Financial Assistance to employ more personnel, expand program outreach</p> <p>Technical Assistance to Reevaluate methodologies in order to expand program outreach</p>	Good candidate (Category 2)

DESCRIPTION OF PRIVATE VOLUNTEER ORGANIZATIONS

ORGANIZATIONS	EXISTING PROGRAMS									AREA(S) OF ACTION	BENEFICIARIES	CHARACTERISTICS OF THE ORGANIZATIONS	ASSISTANCE REQUIRED	ORGANIZATIONAL STRENGTH
	A	B	C	D	E	F	G	H	I					
25) Instituto para el Desarrollo del Noroeste (IDENOR) Yalla esq. 27 de Febrero Yao, Valverde 572-3920			X		X	X			X	North-west provinces (Valverde, Santiago Rodríguez, Montecristi, Dajabón)	Urban and rural 7,000 direct	- Administrative and financial system adequate for the needs of the organization - Organizational and operational structure solid - Experienced staff	<u>Financial Assistance</u> to strengthen and expand programs <u>Technical Assistance</u> for project impact study and to streamline bureaucracy of institution	Strong candidate (Category 1)
26) Instituto de Entrenamiento de Líderes Proy. Av. Mexico No.91 El Vergel Santo Domingo 565-6139						X			X	National	Urban and rural 2,396 direct	- Limited management capabilities - Qualified personnel - Programs have strong impact with target population	<u>Financial Assistance</u> to contract new personnel, acquire equipment for programs <u>Technical Assistance</u> to project activities of the institution	Good candidate (Category 2)
27) Instituto Dominicano de Desarrollo Integral IDDI Reparto Seminario Ems. Seminario Santo Domingo 533-3241	X	X	X						X	Areas around Santo Domingo (La Suiza, La Cunita, Las Caobas, Herrera)	Urban 2,696 direct	- Adequate management system for institution needs - Lack of qualified personnel	<u>Technical Assistance</u> to analyze program methodology <u>Financial Assistance</u> to strength programs and to contract new personnel	Good candidate (Category 2)

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DESCRIPTION OF PRIVATE VOLUNTEER ORGANIZATIONS

ORGANIZATIONS	EXISTING PROGRAMS									AREA S) OF ACTION	BENEFICIARIES	CHARACTERISTICS OF THE ORGANIZATIONS	ASSISTANCE REQUIRED	ORGANIZATIONAL STRENGTH	
	A	B	C	D	E	F	G	H	I						
28) Mujeres en Desarrollo (MUD) Edificio San Rafael Av. Leopoldo Navarro 61 Santo Domingo 685-8111		x			x	x	x	x	x		Bani, A. U. A, La Vega, Bonao, Jarabacoa, Constanza, Santiago Moca	Rural 4,062 direct	-Solid management -Qualified personnel -Credibility and acceptance in the target communities	<u>Financial Assistance</u> For program expansion	Strong Candidate (Category 1) Capable of acting as intermediary
29) Servicios Social de la Iglesias Dominicanas (SSID) Benito Moncien 156 Garcia Santo Domingo 683-7050		x			x		x	x	x		National	Rural 4,726 direct	-Adequate management for institutional needs -Qualified and dedicated personnel -Institutions programs have strong credibility within the target population	<u>Technical Assistance</u> to project activities— plan future projects <u>Financial Assistance</u> For program expansion	Strong Candidate (Category 1) Capable of acting as intermediary
30) Terra Nova Av. Bolívar 163 Santo Domingo 686-2556				x					x		National	Rural not given	-Administrative, financial and technical management adequate - Lack of personnel	<u>Technical Assistance</u> to strengthen the organization's programs <u>Financial Assistance</u> to expand programs	Good Candidate (Category 2)

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1. PVOs are very interested in USAID's project.
2. PVOs with substantial outreach, qualified personnel and strong/good management capabilities (categories 1 and 2) should be considered for the PVO Co-Financing Project.
3. There are various organizations capable of acting as intermediaries for organizations that do not qualify directly for the project.
4. USAID can accomplish its goal of aiding the critically poor by careful selection and direct supervision of sub-activities under the project.

Redrafted by:RPMathia:md
7/21/89:1428G

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Annex H

LIST OF DOMINICAN PRIVATE AND VOLUNTARY ORGANIZATIONS
REGISTERED WITH THE AGENCY FOR INTERNATIONAL DEVELOPMENT
DOMINICAN REPUBLIC

Institution	USAID/DR Approval Date	USAID/DR Reftel
1. Church World Services (CWS) (Servicio Social de Iglesias Dominicanas--SSID) Benito Monción 156, Gazcue Apartado Postal 659 Santo Domingo, D. R.	March 1977	--
2. Federación de Desarrollo Juvenil Comunitaria, Inc. (Community Dev. Foundation--Save the Children) Loma de Cabrera, D. R.	November 1977	--
3. Asociación Cultura Popular, Inc. (Radio Santa María--RSM) La Vega, D. R.	Dec. 19, 1978	--
4. Consejo de Fundaciones Americanas de Desarrollo (SOLIDARIOS) Gustavo Mejía Ricart 68, Naco Apartado Postal 620 Santo Domingo, D. R.	1975	--
5. Fundación Dominicana de Desarrollo (FDD) (Dominican Development Foundation--DDF) Mercedes 4, Zona Colonial Apartado Postal 857 Santo Domingo, D. R.	1966	--
6. Asociación Pro-Educación y Cultura (Action Pro-Education and Culture--APEC) Ave. Maximo Gomez 72 Apartado Postal 1497 Santo Domingo, D. R.	May 14, 1980	SD-3910 06/06/80
7. Asociación para el Desarrollo, Inc. (Development Association, Inc.) Calle Colón 46, San Francisco de Macoris, Duarte Apartado Postal 46 Santo Domingo, D. R.	June 26, 1981	SD-4947

Institution	USAID/DR Approval Date	USAID/DR Reftel
8. Acción Social de Promoción Humana Campesina, Inc. (ASPHC) (Social Action for the Promotion of Rural Dwellers) Autopista La Herradura, km. 51/2, La Herradura, Apartado Postal 742 Santiago, D. R.	August 29, 1981	SD-8076
9. Asociación Dominicana Pro-Bienestar de la Familia (Dominican Association for the Well-Being of the Family, Inc. --PROFAMILIA) Calle Socorro Sánchez 64 Apartado Postal 1053 Santo Domingo, D. R.	October 6, 1981	SD-7131 10/14/81
10. Fundación para el Desarrollo Comunitario (Community Dev. Foundation--FUDECO) Ave. Abraham Lincoln 1065, Ens. Piantini Apartado Postal 366-2 Santo Domingo, D. R.	November 23, 1981	SD-8501 12/04/81
11. Instituto Cultural Dominicano- Americano (Dominican-American Cultural Institute--ICDA) Avenida Abraham Lincoln No. 21 Santo Domingo, D. R.	December 8, 1983	SD-2494 03/23/84
12. Asociación para el Desarrollo de Microempresas, Inc. (ADEMI) (Micro-Business Dev. Association) Calle Vicente Celestino Duarte No. 48 La Atarazana, Santo Domingo, D. R.	February 23, 1984	SD-2494 03/23/84
13. Fundación San José, Inc. Apartado Postal 2448 Santo Domingo, D. R.	August, 28 1984	SD-8057 08/29/84

Institution	USAID/DR Approval Date	USAID/DR Reftel
14. Fundación Nacional para el Desarrollo de la Juventud Rural (Foundation for the Dev. of Rural Youth--FUNDEJUR) Avenida Abraham Lincoln No. 1054 Santo Domingo, D. R.	August 17, 1984	SD-7803 08/22/84
15. Fundación Universitaria Dominicana, Inc. (Dominican University Foundation) Ramón Santana 37-B Zona Universitaria Apartado Postal 328-9 Santo Domingo, D. N.	November 5, 1984	SD-10925 11/14/84
16. Consejo Inter-Institucional para la Coordinación de Programas de Viviendas, Inc. (CII-VIVIENDA) Apartado Postal 20328 Santo Domingo, D. R.	February 5, 1985	SD-1412 02/07/85
17. Asociación para el Desarrollo de la Provincia Espaillat (Assoc. for the Dev. of the Prov. of Espaillat) Calle Presidente Vásquez No. 52 Apartado Postal No. 35 Moca, República Dominicana	March 19, 1985	SD-3135 03/28/85
18. Mujeres en Desarrollo (MUDE) (Women in Development) Avenida Máximo Gómez No. 70 Apartado Postal No. 325 Santo Domingo, D.N.	March 29, 1985	SD-3439 04/04/85
19. Instituto Dominicano de Desarrollo Integral (IDDI) Apartado Postal 22282 Santo Domingo, D.N.	July 22, 1985	SD-8097 07/29/85
20. Consejo Nacional de Hombres de Empresa, Inc. (CNHE) Av. Abraham Lincoln No. 1056 Santo Domingo, D.N.	July 25, 1986	SD-10466 08/13/86

Institution	USAID/DR Approval Date	USAID/DR Reftel
21. Asociación de Scouts Dominicanos, Inc. Apartado 958 Santo Domingo, D.N.	October 9, 1986	SD-12900 10/06/86
22. Centro Dominicano de Organizaciones (CEDOIS) Calle Gustavo Mejía Ricart 68 (altos) Apartado Postal 745-2 Santo Domingo, D.N.	January 15, 1987	SD-893 01/16/87
23. Asociación Dominicana de Rectores Universitarios (ADRU) Calle Luperón No. 51 (altos) Apartado Postal No. 2465 Santo Domingo, D.N.	September 21, 1987	SD-10075 10/21/87

ANNEX IOPG PROJECTS WITH VOLUNTARY ORGANIZATIONS
EXECUTED FROM 1982 TO 1988
(IN US\$)

Project No.	Voluntary Organization	Type of Project	A.I.D. Participation Amount
517-0123	Servicio Social de Iglesias Dominicanas (SSID)	Fresh water fish ponds.	160,000
517-0124	Fundación Dominicana de Desarrollo (FDD)	Small farmers credit program.	269,000
517-0125	Instituto Superior de Agricultura (ISA)	Rural administration training program.	1,600,000
517-0127	Fundación de Crédito Educativo (FUNDAPEC)	Expansion of vocational training oportunities.	1,150,000
517-0146	Acción Pro-Educación y Cultura (APEC)	Support to PROMAPEC program to increase vocational training of poor women in Santo Domingo.	405,798
517-0150	Fundación Dominicana de Desarrollo (FDD)	Assistance to small industries.	595,000
517-0155	Asociación de Desarrollo de Santiago/CIMPA	Swine repopulation program for small farmers.	150,000
517-0161	PROFAMILIA/IEPD	Financial support to study population problems.	407,000
517-0163	Radio Santa María	Establish an adult radio education program.	425,000
517-0164	CARE/CII-VIVIENDAS	Use of appropriate technology in low-cost housing construction.	345,000
517-0174	CRS/CARITAS (AHEP)	Applied Nutritional education program.	495,000
517-0176	International Eye Foundation (IEF)	Training in primary eye care.	415,000

517-0208	Asoc. Dominicana de Micro-Empresas (ADEMI)	Financing of credit program to micro- enterprises	499,000
517-0210	Instituto Cultural Dominicano Americano (ICDA)	Establish a counseling office for students	250,000
517-0212	Escuela Agrícola Salesiana La Vega	Finance acquisition of Agricultural equipment	231,000
517-0232	CARE/Dominicana	Construction of Water Systems in South East region	430,000
517-0239	Save the Children	Child survival	3,825,000

at

FINANCIAL ASSISTANCE TO PRIVATE VOLUNTARY ORGANIZATIONS
THROUGH LOCAL CURRENCY PROGRAM
(in thousands of RD\$)
(AS OF FEBRUARY 22, 1989)

Private Voluntary Organization	Project Title	Total Grant Amount
Mujeres Aplicadas a la Industria (MAI)	Development of Small Dominican Producers	452
Asociación Social de Promoción Humana Campesina (ASPHC)	Promotion and Dev. of Campesino Activities	903
Mujeres en Desarrollo (MUDE)	Finan. and Tech. Assist. to Small Agroindustries/ Rural Women	300
Fundación Dominicana de Desarrollo (FDD)	Integrated Rural Development Project	800
Centro Dominicano de Organizaciones de Interés Social (CEDOIS)	Biennial Plan for Information and Training Service	135
Fundación de Desarrollo Comunitario (FUDECC)	Frontier Zone Production Fund	752
Fundación San José (FSJ)	Utilization of Oxen	225
Asoc. de Desarrollo de Santiago (CIMPA)	Swine Repopulation program for small farmers	330
Asoc. de Desarrollo Prov. Espaillat (GRAMA)	Animal Reproduc. Farm and Agricultural Improvement	100
CARE/Dominicana	Shrimp breeding	200
Fondo para el Avance de las Ciencias Sociales	Investment Program for Entrepreneur and Labor Sector	150
FICOOP	Agricultural, Agroindustrial and Artesan Production	500

Private Voluntary Organization	Project Title	Total Grant Amount
Asoc. Pro-Educación y Cultura (APEC)	Center for Trg. Women in Poor Barrios	412
Asoc. Dom. de Rehabilitación de Inválidos	Ceramic Shop	100
FONDEJUR	Agricultural Development for Rural Youth	875
Asoc. Dom. de Micro- Empresas (ADEMI)	Credit to Micro-enterprises	3,050
ISA/CADER	Inst. Superior de Agricultura (ISA)	3,000
Fund. Dom. Universitaria UNPHU	Nigua Agriculture Department	3,374
Fundación de Crédito Educativo (FCE)	Educational Credit Financing	500
CODOCCOP	Support to Agricultural Associations and Cooperatives	400
CARE/Dominicana	Warehouses	600
Asociación de Voluntariado Hospitalario y de Salud	Manufacturing Shop	176
FCE	Scholarships in the Dominican Rep.	1,500
FCE	Improve. of Tech/Voc. Trg.	2,000
IDDI	Sanitation Improvement Program in Poor Barrios	479
FLORESTA	Agroforestry Revolving Fund	611
PROGRESSIO	Campesino Tree Program	884
CIMPA	Strengthening of Swine Genetic Bank	120
FDD	Grape and Sorghum Promotion	841

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Private Voluntary Organization	Project Title	Total Grant Amount
CAIJR	Incorporating Youth to Development	41
Seminario San Pío X	Integrated Agricultural Project	408
FUDECO	Reforestation in the Frontier Zone	227
CARE	Strengthening of Complementary Feeding Programs	2,000
CEDOIS	Tech. Assist. and Institutional Strengthening Program	500
INDENOR	Regional Vocational School	497
CIMPA	Tech. Strengthening of Animal Research and Production Center	400
IDDI	Generation of Income Sources through through Solidario Groups in the City of Santo Domingo and Surrounding Area	816
FONDESA/PROAPE	Extension of Micro-Industry Dev. Assistance Program	882
ICDA	Annex for Intensive English Program	2,000
Radio Santa María	Revolving Fund of Loans to Small Farmers	548
FLORESTA	Agroforestry Revolving Fund	283
FIRENA	Natural Resources Investment Fund	2,415
PUCMM	Civil Modernization and its Impact on Private Sector Development	160
	Total Approved	<u>34,946</u>

CPA

Private Voluntary Organization	Project Title	Total Grant Amount
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Pending Approval

A.I.D. has programmed the amount of RD\$17,900 million for OVPs y ONGs, of which the following institutions have been identified to receive resources, possibly under this fund

IPC	Promotion and Development of Investment and Export Opportunities	2,800
PROFAMILIA	Expansion of Family Planning Services	1,500
PROAPE	Micro-enterprise Project	883
ADOPEM	Micro-enterprise Project	1,000
GRS	Potable Water and Sanitation Project	777
IESC	Tech. Assist. to Businesses and Industries	500
ADRU	Self-Study and University Credit Project	175
INTEC	Graduate Course in Food Technology	250
CEDOIS	Tech. Assist. and Institutional Strengthening Plan	1,000
		<u>8,885</u>
	Total Pending Approval	43,831
	GENERAL TOTAL	=====

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5C(2) - PROJECT CHECKLIST

Listed below are statutory criteria applicable to projects. This section is divided into two parts. Part A includes criteria applicable to all projects. Part B applies to projects funded from specific sources only: B(1) applies to all projects funded with Development Assistance; B(2) applies to projects funded with Development Assistance loans; and B(3) applies to projects funded from ESF.

CROSS REFERENCES: IS COUNTRY CHECKLIST UP TO DATE? HAS STANDARD ITEM CHECKLIST BEEN REVIEWED FOR THIS PROJECT?

The required country checklist for FY 1989 is attached as Annex III to the University Agrilusiness Partnership Project Paper (Project No. 517-0243) approved on June 23, 1989. A copy of the Standard Item Checklist has been filled out and is in the project file.

A. GENERAL CRITERIA FOR PROJECT

1. FY 1989 Appropriations Act Sec. 523; FAA Sec. 634A. If money is sought to be obligated for an activity not previously justified to Congress, or for an amount in excess of amount previously justified to Congress, has Congress been properly notified?

Congress will be notified using standard notification procedures.

2. FAA Sec. 611(a)(1). Prior to an obligation in excess of \$500,000, will there be (a) engineering, financial or other plans necessary to carry out the assistance, and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?

YES

3. FAA Sec. 611(a)(2). If legislative action is required within recipient country, what is the basis for a reasonable expectation that such action will be completed in time to permit orderly accomplishment of the purpose of the assistance?

N/A

4. FAA Sec. 611(b); FY 1989 Appropriations Act Sec. 501. If project is for water or water-related land resource construction, have benefits and costs been computed to the extent practicable in accordance with the principles, standards, and procedures established pursuant to the Water Resources Planning Act (42 U.S.C. 1962, et seq.)? (See A.I.D. Handbook 3 for guidelines.)

Prior to final approval of any subprojects involving water-related activities, benefits and costs will be computed according to the said Act.

5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and total U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability to maintain and utilize the project effectively?

Consideration of the individual grantee's/target community's maintenance and utilization capability will be included as part of the subproject selection process.

6. FAA Sec. 209. Is project susceptible to execution as part of regional or multilateral project? If so, why is project not so executed? Information and conclusion whether assistance will encourage regional development programs.

NO

7. FAA Sec. 601(a). Information and conclusions on whether projects will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.

Project will indirectly increase flow of international trade by encouraging increased agricultural and nonagricultural production. Project will foster private initiative by strengthening local PVO/NGOs.

8. FAA Sec. 601(b). Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).

Participation of U.S. PVO/NGOs is permitted under the project and will thus encourage private U.S. participation in foreign assistance programs.

9. FAA Secs. 612(b), 636(h). Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars.
- The project agreement will require that counterpart contributions (GODR, PVO/NGOs) be used in the implementation of project activities.
10. FAA Sec. 612(d). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?
- There is no excess U.S. owned local currency available for this program.
11. FY 1989 Appropriations Act Sec. 521. If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity?
- Consideration of this issue will be included as part of the subproject selection process.
12. FY 1989 Appropriations Act Sec. 549. Will the assistance (except for programs in Caribbean Basin Initiative countries under U.S. Tariff Schedule "Section 807," which allows reduced tariffs on articles assembled abroad from U.S.-made components) be used directly to procure feasibility studies, prefeasibility studies, or project profiles of potential investment in, or to assist the establishment of facilities specifically designed for, the manufacture for export to the United States or to third country markets in direct competition with U.S. exports, of textiles, apparel, footwear, handbags, flat goods (such as wallets or coin purses worn on the person), work gloves or leather wearing apparel?
- N/A
13. FAA Sec. 119(g)(4)-(6) & (10). Will the assistance (a) support training and education efforts which improve the capacity of recipient countries to prevent loss of biological diversity;
- NO

(b) be provided under a long-term agreement in which the recipient country agrees to protect ecosystems or other wildlife habitats; (c) support efforts to identify and survey ecosystems in recipient countries worthy of protection; or (d) by any direct or indirect means significantly degrade national parks or similar protected areas or introduce exotic plants or animals into such areas?

14. FAA Sec. 121(d). If a Sahel project, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of project funds (either dollars or local currency generated therefrom)? N/A
15. FY 1989 Appropriations Act. If assistance is to be made to a United States PVO (other than a cooperative development organization), does it obtain at least 20 percent of its total annual funding for international activities from sources other than the United States Government? Consideration of this issue will be included as part of the subproject selection process and by made a requirement for those subprojects involving U.S. PVOs.
16. FY 1989 Appropriations Act Sec. 538. If assistance is being made available to a PVO, has that organization provided upon timely request any document, file, or record necessary to the auditing requirements of A.I.D., and is the PVO registered with A.I.D.? Consideration of this issue will be included as part of the subproject selection process.
17. FY 1989 Appropriations Act Sec. 514. If funds are being obligated under an appropriation account to which they were not appropriated, has prior approval of the Appropriations Committees of Congress been obtained? N/A

18. State Authorization Sec. 139 (as interpreted by conference report). Has confirmation of the date of signing of the project agreement, including the amount involved, been cabled to State L/T and A.I.D. LEG within 60 days of the agreement's entry into force with respect to the United States, and has the full text of the agreement been pouched to those same offices? (See Handbook 3, Appendix 6G for agreements covered by this provision).

N/A

B. FUNDING CRITERIA FOR PROJECT

1. Development Assistance Project Criteria

- a. FY 1989 Appropriations Act Sec. 548 (as interpreted by conference report for original enactment). If assistance is for agricultural development activities (specifically, any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training), are such activities (a) specifically and principally designed to increase agricultural exports by the host country to a country other than the United States, where the export would lead to direct competition in that third country with exports of a similar commodity grown or produced in the United States, and can the activities reasonably be expected to cause substantial injury to U.S. exporters of a similar agricultural commodity; or (b) in support of research that is intended primarily to benefit U.S. producers?

a) NO
b) NO

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- b. FAA Secs. 102(b), 111, 113, 281(a).
Describe extent to which activity will (a) effectively involve the poor in development by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, dispersing investment from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using appropriate U.S. institutions; (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward a better life, and otherwise encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries.

A principal objective of the project is to strengthen local PVO/NGOs working at the grass roots level. The project is designed to bring the benefits of development directly to the poor. All of the subprojects approved will place emphasis on community participation and self-help.

- c. FAA Secs. 103, 103A, 104, 105, 106, 120-21; FY 1989 Appropriations Act (Development Fund for Africa). Does the project fit the criteria for the source of funds (functional account) being used?

YES

- d. FAA Sec. 107. Is emphasis placed on use of appropriate technology (relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)?

YES

- e. FAA Secs. 110, 124(d). Will the recipient country provide at least 25 percent of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or is the latter cost-sharing requirement being waived for a "relatively least developed" country)? At least 25 percent of the projects's total costs will be provided by the GODR and PVO/NGOs.
- f. FAA Sec. 128(b). If the activity attempts to increase the institutional capabilities of private organizations or the government of the country, or if it attempts to stimulate scientific and technological research, has it been designed and will it be monitored to ensure that the ultimate beneficiaries are the poor majority? YES
- g. FAA Sec. 281(b). Describe extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civil education and training in skills required for effective participation in governmental processes essential to self-government. The Dominican Republic has many PVO/NGOs operating at the grass roots level assisting the poorest economic groups of the country. As a result of their work, these PVO/NGOs are in the best position to know and to understand the needs of their client groups. Under the project they will propose subprojects based on their client groups' needs. The project will in turn provide the PVO/NGOs with additional resources so they can increase and extend their level of services.
- h. FY 1989 Appropriations Act Sec. 536. Are any of the funds to be used for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions? NO

Are any of the funds to be used to pay for the performance of involuntary sterilization as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations?

Are any of the funds to be used to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning?

- i. FY 1989 Appropriations Act. Is the assistance being made available to any organization or program which has been determined to support or participate in the management of a program of coercive abortion or involuntary sterilization? NO

If assistance is from the population functional account, are any of the funds to be made available to voluntary family planning projects which do not offer, either directly or through referral to or information about access to, a broad range of family planning methods and services?

- j. FAA Sec. 601(e). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise? YES

- k. FY 1989 Appropriations Act. What portion of the funds will be available only for activities of economically and socially disadvantaged enterprises, historically black colleges and universities, colleges and universities having a student body in which more than 40 percent of the students are Hispanic Americans, and private and voluntary organizations which are controlled by individuals who are black Americans, Hispanic Americans, or Native Americans, or who are economically or socially disadvantaged (including women)?
- No specific percentage of funds have been so set aside. However, minorities will be encouraged to participate in project activities both through the provision of technical assistance and as PVO/NGOs.
1. FAA Sec. 118(c). Does the assistance comply with the environmental procedures set forth in A.I.D. Regulation 16? Does the assistance place a high priority on conservation and sustainable management of tropical forests? Specifically, does the assistance, to the fullest extent feasible: (a) stress the importance of conserving and sustainably managing forest resources; (b) support activities which offer employment and income alternatives to those who otherwise would cause destruction and loss of forests, and help countries identify and implement alternatives to colonizing forested areas; (c) support training programs, educational efforts, and the establishment or strengthening of institutions to improve forest management; (d) help end destructive slash-and-burn agriculture by supporting stable and productive farming practices; (e) help conserve forests which have not yet been degraded by helping to increase
- Yes. Consideration of the issues outlined here will be included as part of the subproject selection process.

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production on lands already cleared or degraded; (f) conserve forested watersheds and rehabilitate those which have been deforested; (g) support training, research, and other actions which lead to sustainable and more environmentally sound practices for timber harvesting, removal, and processing; (h) support research to expand knowledge of tropical forests and identify alternatives which will prevent forest destruction, loss, or degradation; (i) conserve biological diversity in forest areas by supporting efforts to identify, establish, and maintain a representative network of protected tropical forest ecosystems on a worldwide basis, by making the establishment of protected areas a condition of support for activities involving forest clearance or degradation, and by helping to identify tropical forest ecosystems and species in need of protection and establish and maintain appropriate protected areas; (j) seek to increase the awareness of U.S. government agencies and other donors of the immediate and long-term value of tropical forests; and (k) utilize the resources and abilities of all relevant U.S. government agencies?

m. FAA Sec. 118(c)(13). If the assistance will support a program or project significantly affecting tropical forests (including projects involving the planting of exotic plant species), will the program or project (a) be based upon careful analysis of the alternatives available to achieve the best sustainable use of the land, and (b)/take full account of the environmental impacts of the proposed activities on biological diversity?

It is not anticipated that project assistance will support activities significantly affecting tropical forests. However, if a subproject is proposed which would affect such forests the issues raised here would be taken into account in the subproject design and during the final selection process.

n. FAA Sec. 118(c)(14). Will assistance be used for (a) the procurement or use of logging equipment, unless an environmental assessment indicates that all timber harvesting operations involved will be conducted in an environmentally sound manner and that the proposed activity will produce positive economic benefits and sustainable forest management systems; or (b) actions which will significantly degrade national parks or similar protected areas which contain tropical forests, or introduce exotic plants or animals into such areas?

NO

o. FAA Sec. 118(c)(15). Will assistance be used for (a) activities which would result in the conversion of forest lands to the rearing of livestock; (b) the construction, upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) which pass through relatively undergraded forest lands;

It is not anticipated that project resources will be used for the activities described in this section. However, if a subproject is proposed that would do so, completion of an environmental assessment as outlined in this section would be required prior to considering the subproject in the final selection process.

(c) the colonization of forest lands; or (d) the construction of dams or other water control structures which flood relatively undergraded forest lands, unless with respect to each such activity an environmental assessment indicates that the activity will contribute significantly and directly to improving the livelihood of the rural poor and will be conducted in an environmentally sound manner which supports sustainable development?

- p. FY 1989 Appropriations Act. If assistance will come from the Sub-Saharan Africa DA account, is it (a) to be used to help the poor majority in Sub-Saharan Africa through a process of long-term development and economic growth that is equitable, participatory, environmentally sustainable, and self-reliant; (b) being provided in accordance with the policies contained in section 102 of the FAA; (c) being provided, when consistent with the objectives of such Assistance assistance, through African, United States and other PVOs that have demonstrated effectiveness in the promotion of local grassroots activities on behalf of long-term development in Sub-Saharan Africa; (d) being used to help overcome shorter-term constraints to long-term development, to promote reform of sectoral economic policies, to support the critical sector priorities of agricultural production and natural resources, health, voluntary family planning services, education, and income generating opportunities, to bring

N/A

about appropriate sectoral restructuring of the Sub-Saharan African economies, to support reform in public administration and finances and to establish a favorable environment for individual enterprise and self-sustaining development, and to take into account, in assisted policy reforms, the need to protect vulnerable groups; (e) being used to increase agricultural production in ways that protect and restore the natural resource base, especially food production, to maintain and improve basic transportation and communication networks, to maintain and restore the renewable natural resource base in ways that increase agricultural production, to improve health conditions with special emphasis on meeting the health needs of mothers and children, including the establishment of self-sustaining primary health care systems that give priority to preventive care, to provide increased access to voluntary family planning services, to improve basic literacy and mathematics especially to those outside the formal educational system and to improve primary education, and to develop income-generating opportunities for the unemployed and underemployed in urban and rural areas?

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- q. FY 1989 Appropriations Act Sec. 515.
If deob/reob authority is sought to be exercised in the provision of DA assistance, are the funds being obligated for the same general purpose, and for countries within the same general region as originally obligated, and have the Appropriations Committees of both Houses of Congress been properly notified?
- N/A

For purposes of this project, which is completely DA grant-funded, Sections 2, "Development Assistance Project Criteria (Loan Only)" and 3, "Economic Support Fund Criteria" are not applicable.

Doc 0360F

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

ANNEX K

LAC-IEE-89-39

ENVIRONMENTAL THRESHOLD DECISION

Project Location : Dominican Republic
Project Title : PVO Co-Financing
Project Number : 517-0247
Funding : \$9.5 million
Life of Project : 7 years (FY 89-96)
IEE Prepared by : Mary Beth Allen, PDO
USAID/Santo Domingo
Recommended Threshold Decision : Negative Determination
Bureau Threshold Decision : Concur with Recommendation
Comments : Concurrence based on development
of environmental guidelines for
design and evaluation of
subprojects and Mission
environmental review of all
subprojects prior to their
approval.
Copy to : Thomas Stukel, Director
USAID/Santo Domingo
Copy to : Mary Beth Allen, PDO
USAID/Santo Domingo
Copy to : George Hazel, LAC/DR/CAR
Copy to : Andre DeGeorges, REMS/CAR
Copy to : IEE File

John O Wilson Date APR 28 1989
John O. Wilson
Deputy Environmental Officer
Bureau for Latin America
and the Caribbean

PID - 517-0247
Annex D

FVO CO-FINANCING PROJECT

(PID)

Initial Environmental Examination

Project Location: Dominican Republic

Project Title: FVO Co-Financing Project

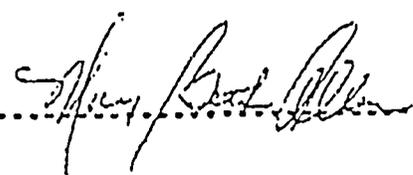
Project Number: 517-0247

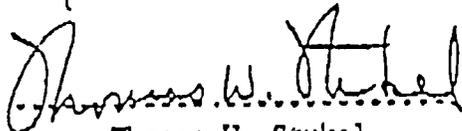
Funding: US\$9.5 Million Grant
RD\$10 Million Counterpart

Life of Project: 7 Years - FY 89 - 96

IEE Prepared by: Mary Beth Allen
USAID/DR
Project Development & Support Office

Environmental Action Recommended: Negative Determination

Approved:  4/13/89
Date

Concurrence:  4/13/89
Thomas W. Stukel
Director Date

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PVO CO-FINANCING PROJECT

PROJECT DESCRIPTION

The goal of the PVO Co-Financing Project will be to address the immediate critical needs of the poor. The project purpose will be to deliver selected social interventions to the poor through the U.S. and local Dominican PVO community. It is anticipated that the focus of these interventions will be rural ag and non-ag development (e.g. bio-diversity and natural resource management), health, water and sanitation activities. These and other interventions will be examined during the intensive review of the project.

The primary objective of the project will be to identify and establish an institutional mechanism to achieve the following:

- ..Provide effective management and administration of host country-owned local currency and DA dollar-funded OPG activities for both grantees and USAID;
- ..Upgrade accountability and design standards of USAID-supported PVO projects by emphasizing a business-like approach;
- ..Improve and expand USAID/PVO cooperation and the Mission's PVO portfolio.

The proposed project will contain two components:

PVO/NGO Development Fund, financed by both dollar grant funds and Host-Country-owned local currencies; and

Fund Administration Mechanism, to undertake programming, subproject development and design, approval, budgeting, implementation monitoring, financial management (including auditing) and subproject closeout.

USAID will exercise normal overall oversight and evaluation responsibilities for the proposed PVO Co-Financing Project. In addition, it is anticipated that USAID will maintain the policy-making responsibility through careful articulation of the purpose and selection criteria in the Project Paper and a "veto right" over subproject approvals during project implementation.

POTENTIAL ENVIRONMENTAL IMPACTS

While the nature of the subprojects under the project are not envisioned to be of a scope that will include major impacts to the environment (i.e. changes in: land use, water quality, atmosphere, natural resources, cultural traditions, or natural environments/ecosystems), during the intensive review a procedure for reviewing and approving subprojects will be developed which will include criteria for measuring the environmental impact of every subproject proposal. In addition, the "veto rights" maintained by the USAID will permit an additional safeguard against the funding of any subprojects that would involve an environmental impact.

RECOMMENDATION FOR ENVIRONMENTAL ACTION

In view of the above project description, and the measures that will be taken during project implementation to identify and exclude subprojects with significant environmental impact, a threshold decision for a Negative Determination is recommended.

AGENCY FOR INTERNATIONAL DEVELOPMENT
UNITED STATES OF AMERICA A. I. D. MISSION
TO EL SALVADOR
C/O AMERICAN EMBASSY.
SAN SALVADOR, EL SALVADOR, C. A.

ANNEX L

June 22, 1989

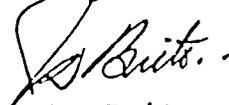
Mr. Tom Cornell
USAID/Santo Domingo
c/o American Embassy
Calle Leopoldo Navarro
Santo Domingo,
República Dominicana

Dear Mr. Cornell:

Attached you will find the documentation requested on the phone. The request for proposal was done by phone since an Action Memo for the use of non-competitive negotiation was approved by the Deputy Director, Mr. Stukel. Banco Salvadoreño, was considered to be the Bank with better infrastructure to carry out the job. However, I think that there is enough information in the attached documents for you to prepare the RFP in case you decide to go public.

I hope the information hereby submitted is of use to you. Please give my regards to Mr. Rifenburg, Mr. Bebout and Mr. Stukel.

Greetings,



Roberto Brito
Chief Accountant

COST REIMBURSEMENT TYPE CONTRACT

Negotiated Pursuant to the Foreign Assistance Act of 1961, as Amended, and Executive Order 11223	Contract Number 519-0281-C-00-3008-00
Contract Type Cost Reimbursable with Fixed Fees	Amount Obligated \$ 93,330.00
Country of Performance El Salvador	Total Estimated Contract Cost \$ 93,330.00
Contract For Technical Financial Services	Project Number 519-0281
Contracting Office (name and address) USAID/El Salvador American Embassy San Salvador, El Salvador, C.A.	Contractor((name, street, city, state, zip code) Banco Salvadoreño 2a. Avenida Sur No. 129 San Salvador, El Salvador, C.A.
Administration By (if other than Contracting Office) USAID/El Salvador	Effective Date November 9, 1982
Cognizant Scientific/Technical Office (name, office symbol, address) Leo Ruelas Human Resources/Humanitarian Affairs	Estimated Completion Date September 30, 1983
This is a Consulting Services Contract (AIDPR 7-4.804-50) <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	Accounting and Appropriation Data PIO/T Number See Article XIII
This is a Contract for Studies and/or Reports (AIDPR 7-4.804-50) <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	Appropriation Number _____ Budget Plan Code _____ IRS Employer Identification Number _____
Payment Will Be Made By Controller's Office USAID/El Salvador	Dun & Bradstreet Number _____ Type of Advance ("X" appropriate box) <input type="checkbox"/> FRLC <input type="checkbox"/> PERIODIC <input type="checkbox"/> NONE AUTHORIZED

Types of Business ("X" appropriate box(es))	
Sole Proprietorship	Small Business
Partnership	Women-Owned Business
Joint Venture	Minority Business
Labor Surplus Area	X FINANCIAL INSTITUTION
Corporation, Incorporated in the State of San Salvador	

The United States of America, hereinafter called the Government, represented by the Contracting Officer executing this contract, and the Contractor agree that the Contractor shall perform all the services set forth in the attached Schedule, for the consideration stated therein. The rights and obligations of the parties to this contract shall be subject to and governed by the Schedule and the General Provisions. To the extent of any inconsistency between the Schedule or the General Provisions and any specifications or other provisions which are made a part of this contract, by reference or otherwise, the Schedule and the General Provisions shall control. To the extent of any inconsistency between the Schedule and the General Provisions, the Schedule shall control.

(Fill in appropriate spaces)

This Contract consists of this Cover Page, the Schedule of _____ pages, including the Table of Contents, the General Provisions (form AID 1420-41C, dated 10-81), the Additional General Provisions (form AID 1420-41D, dated 10-81), and the Alterations in Contract Attachments, dated 6-82.

Name of Contractor Banco Salvadoreño	UNITED STATES OF AMERICA AGENCY FOR INTERNATIONAL DEVELOPMENT
By (signature of authorized individual) 	By (signature of Contracting Officer)
Typed or Printed Name José Daniel Castellanos	Typed or Printed Name Martin V. Dagata
Title President of the Banco Salvadoreño	Contracting Officer
Date NOV 9 1982	Date NOV 9 1982

TABLE OF CONTENTS

SCHEDULES

The Schedule, on page 1 through , consists of this Table of Contents and the following Articles:

ARTICLE	I:	STATEMENT OF WORK
ARTICLE	II:	TECHNICAL DIRECTIONS AND REPORTS
ARTICLE	III:	KEY PERSONNEL
ARTICLE	IV:	LEVEL OF EFFORT
ARTICLE	V:	PERIOD OF CONTRACT
ARTICLE	VI:	ESTIMATED COST AND FIXED FEE
ARTICLE	VII:	BUDGET
ARTICLE	VIII:	COSTS REIMBURSABLE TO THE CONTRACTOR
ARTICLE	IX:	PAYMENT OF FIXED FEE
ARTICLE	X:	ESTABLISHMENT OF OVERHEAD RATES
ARTICLE	XI:	PERSONNEL COMPENSATION
ARTICLE	XII:	ALTERATIONS IN CONTRACT
ARTICLE	XIII:	FUNDING SOURCES
ATTACHMENT A:		<u>SCOPE OF WORK AND LIST OF POSITION CATEGORIES</u>

GENERAL PROVISIONS

The General Provisions applicable to this contract consists of form AID 1420-41C entitled "General Provisions-Cost Reimbursement Type Contract", dated 10-81, which includes provisions 1 through 47, and form AID 1420-41D entitled "Additional General Provisions-Cost Reimbursement Type Contract", dated 10-81, which includes provisions 1 through 20.



ARTICLE I: STATEMENT OF WORK

A. Background

The Emergency Program: Health and Jobs for Displaced Families Project No. 519-0281 will create employment opportunities and provide preventive and curative health services for displaced families. A special Program Unit, under the direction of USAID/El Salvador's Office of Human Resources and Humanitarian Affairs, has overall operational responsibility for the project's activities. USAID/El Salvador will enter into agreements with Service Agencies (i.e., local institutions such as cooperatives and credit unions) in the rural regions to implement the employment creation activities of the Emergency Program Project.

B. Objective

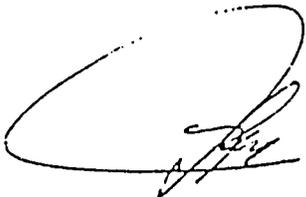
To provide 12 months of fiscal services, i.e. disbursements, reimbursements, accounting and auditing, to the USAID, Program Unit under a Cost Reimbursement Fixed Fee Contract to ensure timely and proper use of project funds. Based on the detailed scope of work, the Contractor is to provide financial services as specifically described in the following scope of work.

C. Scope of Work

1. Banking Function

A. Services Agencies (SA)

- a. Makes advances from revolving fund as approved by USAID.
- b. Reviews and certifies request for replenishments of advance funds from Service Agency's advances.
- c. Checks each individual receipt and payment voucher to insure that funds have been properly used and entered correctly in the



Ledger Book. The Ledger Book, Work Project Checking Account, and other records will be audited to insure that they are in balance and that all funds are properly accounted for and certifies:

1. Propriety by checking against budget for nature and magnitude of expenditures.
 2. Clerical, accuracy, dates, evidence of delivery, payroll records and receipts and reasonableness of charges.
- d. Submits disagreements and/or disallowances to AID Program Manager for arbitration.
 - ✓ e. The AID's Field Supervisor and/or designee must certify on the "Request for Replenishment of Advance" Form, that the work projects are progressing satisfactorily and in accordance with the budget and rules and procedures set forth in the individual Service Agency Cooperative Agreements.
 - f. Maintains revolving fund in separate account and maintains complete accounting records (in accordance with generally accepted accounting principles) with respect to all receipts into and disbursements from the fund (by project, by budget line item).

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- g. Reconciles fund accounting records for submission to USAID for replenishment of the revolving fund. Records must be maintained for three complete years after final disbursement by USAID and are subject to detailed audit by USAID.
- h. Submits replenishment requests (in form and substance satisfactory to USAID/Controller) for completed projects to USAID showing total activity in the fund (beginning balance, receipts, disbursement, ending balance) and supported by original supporting documentation and a detailed analysis (by budget line item, by project) for those completed projects for which the fund is being replenished. A replenishment request or status report will be required at least every thirty days.
- i. USAID will notify the bank in writing of the name and exact location of each Service Agency. The Service Agencies will be located in the following regions: Chalatenango, Morazán, Usulután, San Miguel, Cabañas, Cuscatlán, and San Vicente.

B. CONADES

- a. On CONADES instruction, with written evidence of prior AID approval, will make disbursement to CONADES for the Curative Health and Survey Evaluation activities on the basis of pre-approved vouchers.

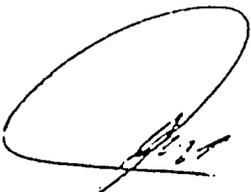
C. Ministry of Health and Volags

On instruction from the Program Unit, makes disbursements to the Ministry of Health and/or Volags on the basis of pre-approved vouchers.

2. Audit Function

At least once every ninety (90) days, the Contractor will certify to AID that either - (a) procedures and systems of internal control have been tested to the extent required by generally recognized audit standards and/or that (b) sufficient audit tests have been made of transactions in order to ensure appropriate use of AID funds as defined under the Project Agreement and the individual Cooperative Agreements. Appropriate audit tests and procedures will include but are not limited to:

1. General accounting for funds managed (checking accounts



and petty cash, authorized signatures, accounting records, documentation, etc.)

2. Project Implementation -

- i) Payroll and procurement (inventories control, procurement authorizations, etc.)
 - ii) Field testing and verification (reasonableness of labor work and material charges relative to work accomplished).
 - iii) Project cost accounting (procedures, appropriate documentation, accuracy, etc.)
3. Test CONADES, MOH and Volags procedures and systems of internal control for:
- i) General accounting for funds disbursed.
 - ii) Payrolls.

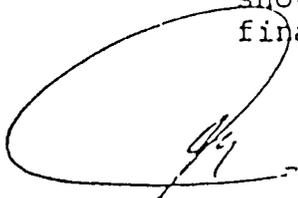
ARTICLE II: TECHNICAL DIRECTIONS AND REPORTS

A. Technical Directions

Performance of the work hereinunder shall be subject to the technical direction of the Human Resources and Humanitarian Affairs Office. As used herein, "Technical Directions" means directions to the Contractor, which fill in details, suggests possible lines of inquiry, or, otherwise completes the general scope of work. "Technical Directions" must be within the terms of this Contract and shall not change or modify the terms in any way.

B. Reporting

1. Within 10 days after signing of Contract, the Contractor shall present for USAID approval a detailed outline of the procedures to be employed, source to be used and a timetable to complete the required activities.
2. Quarterly certifications required by 2. Audit Function above.
3. A replenishment request or status report will be required at least once every thirty days.
4. Prepare a final auditing report based on the activities described in the Statement of Work. The auditing report should also include an executive summary. A draft of the final auditing report is to be submitted to USAID/El Salvador



- by August 15, 1983 to enable USAID to review and comment on the draft prior to final submission.
- 5. Ten copies of the final auditing report should be submitted to USAID/El Salvador by October 15, 1983

ARTICLE III: KEY PERSONNEL

- A. The key personnel which the Contractor shall furnish on a part-time basis for the performance of this Contract is as follows:
 - 1. Ricardo A. Baires - Administrative Assistant Manager
- B. The individual specified above is considered to be essential to work being performed hereunder. Prior to diverting the specified individual to other programs, the Contractor shall notify the Contracting Officer reasonably in advance and shall submit justification (including proposed substitutions) in sufficient detail to permit evaluation of the impact on the program. No diversion shall be made by the Contractor without the written consent of the Contracting Officer; provided, that the Contracting Officer may ratify in writing such diversion and such ratification shall constitute the consent of the Contracting Officer required by this clause. The listing of Key Personnel may, with the consent of the contracting parties, be amended from time to time during the course of the contract to either add or delete personnel, as appropriate.

ARTICLE IV: LEVEL OF EFFORT

- A. The level of effort for the performance of this contract shall be 12,168 total work-hours of direct labor.
- B. The estimated composition of the total work-hours of direct labor is as follows:

	No. of Work-Hours
Key Personnel	208
Other Personnel:	
Field Auditors (3)	5,720
Assistant Auditor	2,080
Assistant Accountant	2,080
Secretary	2,080
TOTAL.....	12,168

- C. It is understood and agreed that the rate of work-hours may fluctuate in pursuit of the technical objective provided such fluctuation does not result in the utilization of the total



work-hours of effort prior to the expiration of the term hereof and it is further understood and agreed that the number of hours of effort for any classification except for the hours of the Key Personnel may be utilized by the Contractor in any other direct labor classification if necessary in the performance of the work.

- D. The Contracting Officer may, by written order, direct the Contractor to increase the average monthly rate of utilization of direct labor to such an extent that the total work-hours of effort, specified above, would be utilized prior to the expiration of the term hereof. Any such order shall specify the degree of acceleration required and the revised term hereof resulting therefrom. The listing of personnel may, with the consent of the contracting parties, be amended from time to time during the course of the contract to either add or delete personnel, as appropriate.

ARTICLE V: PERIOD OF CONTRACT

- A. The effective date of this contract is November 9, 1982 and the estimated completion date is September 30, 1983.
- B. In the event that the Contractor fails to furnish the level of effort set forth herein for the specified term, then the Contracting Officer may require the Contractor to continue performance of the work beyond the estimated completion date until the Contractor has furnished the specified level of effort or until the estimated cost of the work for such period shall have been expended.

ARTICLE VI: ESTIMATED COST AND FIXED FEE

The total estimated dollar cost of this contract to the Government, exclusive of the fixed fee is \$58,330.00. The fixed fee is \$35,000.00. The total cost plus fixed fee is \$93,330.00. The amount obligated is \$93,330.00. The total estimated nondollar cost of this Contract, exclusive of the fixed fee is \$58,330.00. Each total estimated cost will be treated separately for the purposes of the General Provision entitled "Limitation of Cost".

ARTICLE VII: BUDGET

<u>Category</u>	<u>Description</u>	<u>Total Estimated Costs</u>
Line Item No.		
1. Salaries	3 auditors fulltime 10.59 per hr. X 5,720 hrs.	ø 60,575.00

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<u>Category</u>	<u>Description</u>	<u>Total Estimated Cost</u>
Line Item No.		
	1 junior auditor 4.65 per hr. X 2,080 hrs. X 1	ø 9,672.00
	1 assist. account 5.00 per hr. X 2,080 hrs. X 1	10,400.00
	1 secretary 7.06 X 2,080 hrs. X 1	14,685.00
	Key personnel 34.62 X 208	7,200.00
		<u>ø 102,532.00</u>
2. Direct Cost (overhead) 15%		<u>ø 15,500.00</u>
3. Travel and Transportation:	Mileage, in-country air travel, ground travel (taxi, buses) and per diem	<u>ø 23,545.00</u>
4. Other Indirect Cost 3% Contingencies		<u>ø 4,248.00</u>
5. Profit or Fee		<u>ø 87,500.00</u>
	TOTAL	<u>ø 233,325.00</u>
	Est. dollar amount	93,330.00

- A. The budget indicated above sets limitations for reimbursement of costs for individual items. Without the prior written approval of the Contracting Officer, the Contractor may not exceed the grand total set forth in the budget nor may the Contractor exceed the costs for any individual line item by more than 15% of such line items, except for the profit or fee which is fixed.
- B. The Contractor also agrees to furnish data which the Contracting Officer may request on costs expended or accrued under the Contract in support of the budget information provided herein.

ARTICLE VIII: COSTS REIMBURSABLE TO THE CONTRACTOR

A. Reimbursable Costs

The reimbursable costs allowable under the Contract shall be

105

limited to reasonable, allowable, and necessary costs determined in accordance with the General Provision of this Contract entitled "Allowable Cost, Fixed Fee, and Payment". The Contractor shall be provided with or reimbursed in Colones Salvadoreños.

B. Method of Payment

The contract costs specified as local currency in paragraph A above are stated in the Articles entitled "Estimated Cost and Fixed Fee" and "Budget" and shall be paid to the Contractor in a manner adapted to the local situation and as agreed to by the Mission Director, in writing. The documentation for such costs shall be on such forms and in such manner as the Mission Director shall prescribe.

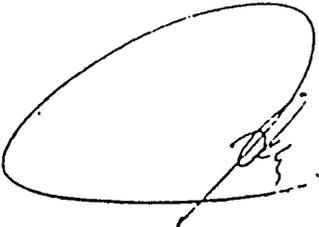
- D. Where the USAID does not meet its commitment as specified in paragraph A of this Article, the Contractor shall immediately notify the Contracting Officer in writing. (Any resulting adjustment in the Contractor will be handled under the "Changes" clause of the General Provisions).

ARTICLE IX: PAYMENT OF FIXED FEE

At the time of each payment to the Contractor on account of allowable costs, the Contractor shall be paid an amount which is in the same ratio to the total fixed fee as the related payment being made on account of allowable costs is to the total estimated cost, as amended from time to time; provided however, the whenever in the opinion of the Contracting Officer such payment would result in a percentage of fee in excess of the percentage of work completion, further payment of fee may be suspended until the Contractor has made sufficient progress, in the opinion of the Contracting Officer, to justify further payment of fee up to the agreed ratio; provided further, that after payment of eighty five percent (85%) of the total fixed fee, the provisions of the General Provision of this Contract entitled "Allowable Cost", Fixed Fee, and Payment", shall be followed.

ARTICLE X: ESTABLISHMENT OF OVERHEAD RATE

Pursuant to the General Provision of this Contract entitled "Negotiated Overhead Rates", a rate or rates shall be established for each of the periods beginning on the effective date of the Contract and ending September 30, 1983 or on the date USAID agrees on a final date, whichever is earlier. Pending establishment of final overhead rates for the initial period, provisional payments on account of allowable indirect costs shall be made on the basis of the following negotiated provisional rates applied to the base(s)



12/1

which are set forth below:

<u>Type of Rate</u>	<u>Rate(s)</u>	<u>Base</u>	<u>Period</u>
Home Office	11.9%	Total Direct Cost	See above

Note: The Contractor agrees that the percentage shown above is the maximum rate and under no circumstance will USAID be liable for indirect costs in an amount in excess of 11.9% of allowable direct costs incurred under this Contract.

ARTICLE XI: PERSONNEL COMPENSATION

A. Limitations

Compensation of personnel which is charged as a direct cost under this Contract, like other costs, will be reimbursable in accordance with the Schedule Article entitled "Costs Reimbursable to the Contractor" and the "General Provision" entitled "Allowable Cost, Fixed Fee, and Payment", and other applicable provisions of this Contract but subject to the following additional specified understanding which sets limits on items which otherwise would be reasonable, allocable, and allowable.

1. Approvals

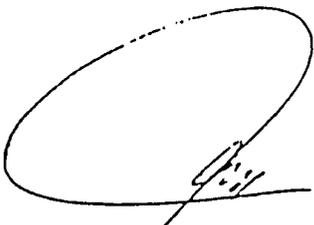
Salaries and wages may not exceed the Contractor's established policy and practice included in the Contractor's established pay scale for equivalent classification of employees, which will be certified to by the Contractor, nor may any individual salary or wage, without approval of the Contracting Officer exceed the employee's current salary or wage or the highest rate of annual salary or wage received during any full year of the immediately preceding three years, the reimbursable salaries and wages paid to a person employed directly under the Contract.

2. Salaries During Travel

Salaries and wages paid while in travel status will not be reimbursable for a travel period greater than the time required for travel by the most direct and expeditious route.

3. Merit or Promotion Increases

Merit or Promotion increases may not exceed those provided



by the Contractor's established policy and practice.

4. Consultants

No compensation for consultants will be reimbursed unless their use under the Contract has the advance written approval of the Contracting Officer; and if such provision has been made or approval given, compensation shall not exceed, without specific approval of the rate by the Contracting Officer, the current compensation or the highest rate of annual compensation received by the consultant during any full year of the immediately preceding three years.

5. Work Week

Employees

The work week for the Contractor's employees shall not be less than the established practice of the Contractor.

B. Definitions

As used herein, the terms "Salaries", "Wages" and "Compensation" mean the periodic remuneration received for professional or technical services rendered. The term "Compensation" includes payments for personal services (including fees and honoraria). It excludes earnings from sources other than the individual's professional or technical work, overhead or other charges.

ARTICLE XII: ALTERATIONS IN CONTRACT

- A. The "Alterations in Contract" are included in the Attachment AID 1420-41, Cost Reimbursement Contract - August 1980, which is attached hereto and made a part hereof.
- B. For the purposes of General Provision No. 29, entitled "Patent Rights and Paragraph A.9" of the "Alterations in Contract", the applicable clause is "Patent Rights - Deferred (Short Form) (FPR 1-9.107--(b) (May 1975)", which is attached to the General Provision, and incorporated as part thereof.

ARTICLE XIII: FUNDING SOURCE

The following Funding Source is applicable to this Contract:

<u>Project Number</u>	<u>PIO/T</u>	<u>Appropriation</u>	<u>Budget Plan Code</u>
519-0281	519-0281-3-20114	72-11921143	LMRA-82-25519-KG42

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UNITED STATES INTERNATIONAL
DEVELOPMENT COOPERATION AGENCY
AGENCY FOR
INTERNATIONAL DEVELOPMENT

PROJECT IMPLEMENTATION
ORDER/TECHNICAL
SERVICES

PIO/T

1. Cooperating Country

El Salvador

Page 1 of 10 Pages

2. PIO/T No.

519-0281-3-20114

3. Original or
Amendment No. _____

4. Project/Activity No. and Title
Emergency Program;
Health and Jobs for Displaced Families;
Implementing Agency Costs, Line 3.

DISTRIBUTION

5. Appropriation Symbol

72-11921143

6. Allotment Symbol and Charge

LMRA-82-25519-KG42

7. Obligation Status

Administrative Reservation

Implementing Document

8. Project Assistance Completion Date
(Mo., Day, Yr.)

Sept. 30, 1983

9. Authorized Agent

USAID/El Salvador

10. This PIO/T is in full conformance with PRO/AG

519-0281 Date May 12, 1982

11a. Type of Action and Governing AID Handbook

AID Contract
(HB 14)

PASA/RSSA
(HB 12)

AID Grant
(HB 13)

Other

11b. Contract/Grant/PASA/RSSA
Reference Number (if this is an
Amendment)

N/A

12. Estimated Financing (A detailed budget in support of column (2) is attached as attachment no. II)

Maximum AID Financing	A. Dollars	(1) Previous Total	(2) Increase	(3) Decrease	(4) Total to Date
					\$ 93,330
	B. U.S.-Owned Local Currency				

13. Mission
References

14a. Instructions to Authorized Agent

Authorized agent is hereby requested to negotiate a Contract as described in the Statement of Work described herein. Required services are to be performed from on/about October 25, 1982 to on/about September 30, 1983.

FUNDS AVAILABLE
A. Lucía 10/27/82
SIGNATURE DATE

14b. Address of Voucher Paying Office

Office of the Controller

USAID El Salvador, c/o American Embassy

San Salvador, El Salvador, C. A.

15. Clearances—Include typed name, office symbol, telephone number and date for all clearances.

A. The project of this office certifies that the specifications in the statement of work are technically adequate

M Saavedra
M Saavedra, HR/HA

Phone No.

12/27/82

Date

10/27/82

B. The statement of work lies within the purview of the existing and approved agency programs

Date

R Rifenbury
R Rifenbury, DEO

27 OCT 82

C. *J Massey*
J Massey, HR/HA

Date

10/27/82

D. Funds for the services requested are available

T Gebout
T Gebout, CONT

E. *D Carter*
D Carter, MD

Date

10.27-82

T W Stukel
T W Stukel, DDIR

16. For the cooperating country: The terms and conditions set forth herein are hereby agreed to

Signature _____

Date _____

Title _____

17. For the Agency for International Development

Martin V. Dagata
Signature *T W Stukel* for

Date 11/1/82

Title Director

AID 1350-1 (10-79)	1. Cooperating Country El Salvador	2. PIO/T No. 519-0281-3-20114	Page 2 of 10 Pages
PIO/T	4. Project/Activity No. and Title Emergency Program: Health and Jobs for Displaced Families.		

SCOPE OF WORK

18. THE SCOPE OF TECHNICAL SERVICES REQUIRED FOR THIS PROJECT ARE DESCRIBED IN ATTACHMENT NUMBER _____
HERE TO ENTITLED "STATEMENT OF WORK".

19. SPECIAL PROVISIONS

- A. LANGUAGE REQUIREMENTS (SPECIFY) _____
(IF MARKED, TESTING MUST BE ACCOMPLISHED BY AID TO ASSURE DESIRED LEVEL OF PROFICIENCY)
- B. ACCESS TO CLASSIFIED INFORMATION WILL WILL NOT BE REQUIRED BY TECHNICIAN(S).
- C. DUTY POST(S) AND DURATION OF TECHNICIANS' SERVICES AT POST(S) (MONTHS) N/A
- D. DEPENDENTS WILL WILL NOT BE PERMITTED TO ACCOMPANY TECHNICIAN. N/A
- E. WAIVER(S) HAVE BEEN APPROVED TO ALLOW THE PURCHASE OF THE FOLLOWING ITEM(S) (COPY OF APPROVED WAIVER IS ATTACHED)
- F. COOPERATING COUNTRY ACCEPTANCE OF THIS PROJECT (APPLICABLE TO AID/W PROJECTS ONLY)
 HAS BEEN OBTAINED HAS NOT BEEN OBTAINED
 IS NOT APPLICABLE TO SERVICES REQUIRED BY PIO/T
- G. OTHER (SPECIFY)

20. BACKGROUND INFORMATION (ADDITIONAL INFORMATION USEFUL TO AUTHORIZED AGENT)

The Emergency Program: Health and Jobs for Displaced Families Project No. 519-0281 will create employment opportunities and provide preventive and curative health services for displaced families. A special Program Unit, under the direction of USAID/El Salvador's Office of Human Resources and Humanitarian Affairs, has overall operational responsibility for the project's activities. USAID/El Salvador will enter into agreements with Service Agencies (i.e., local institutions such as cooperatives and credit unions) in the rural regions to implement the employment creation activities of the Emergency Program Project.

21. SUMMARY OF ATTACHMENTS ACCOMPANY THE PIO/T (INDICATE ATTACHMENT NUMBER IN BLANK)

- II DETAILED BUDGET IN SUPPORT OF INCREASED FUNDING (BLOCK 12)
- N/A EVALUATION CRITERIA FOR COMPETITIVE PROCUREMENT (BLOCK 14)
- III JUSTIFICATION FOR NON-COMPETITIVE PROCUREMENT (BLOCK 14)
- I STATEMENT OF WORK (BLOCK 18)
- IV WAIVER(S) (BLOCK 19) (SPECIFY NUMBER)

PIO/T

4. Project/Activity No. and Title No. 519-0281
Emergency Program: Health and Jobs for Displaced Families

22. Relationship of Contractor or Participating Agency to Cooperating Country and to AID

A. Relationships and Responsibilities

Contractor will operate under the direct policy guidance of the USAID Mission Director or his designee.

B. Cooperating Country Liaison Official

President of the Banco Salvadoreño, José Daniel Castellanos

C. AID Liaison Officials

Chief, HR/HA USAID El Salvador

LOGISTIC SUPPORT

23. Provisions for Logistic Support

A. Specific Items (Insert "X" in applicable column at right. If entry needs qualification, insert asterisk and explain below in C. "Comments")	IN KIND SUPPLIED BY		FROM LOCAL CURRENCY SUPPLIED BY		TO BE PROVIDED OR ARRANGED BY SUPPLIER
	AID	COOPERATING COUNTRY	AID	COOPERATING COUNTRY	
(1) Office Space					X
(2) Office Equipment					X
(3) Housing and Utilities					X
(4) Furniture N/A					
(5) Household Equipment (Stoves, Refrig., etc.) N/A					
(6) Transportation in Cooperating Country					X
(7) Transportation To and From Country					X
(8) Interpreter Services/Secretarial					X
(9) Medical Facilities					X
(10) Vehicles (official) N/A					
(11) Travel Arrangements/Tickets					X
(OTHER SPECIFY) (12) Reproduction of Report					X
(13)					
(14)					
(15)					

B. Additional Facilities Available From Other Sources

N/A APO/EPO

N/A PX

N/A COMMISSARY

OTHER (Specify, e.g., duty free entry, tax exemption)

CONTINUATION SHEET	UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY AGENCY FOR INTERNATIONAL DEVELOPMENT	<input type="checkbox"/> Worksheet <input checked="" type="checkbox"/> Release	PAGE <u>4</u> OF <u>10</u> PAGES
	<input type="checkbox"/> PIO/C <input type="checkbox"/> PIO/P <input checked="" type="checkbox"/> PIO/T <input type="checkbox"/> PA/PR	1. Cooperating Country El Salvador	
		2a. PIO Number 519-0281-3-20114	2b. Amendment <input checked="" type="checkbox"/> Original OR No. _____
	3. Project Number and Title 519-0281 Emergency Program: Health and Jobs for Displaced Families.		

Indicate block numbers

Use this form to complete the information required in any block of a PIO/P, PIO/T or PA/PR. For PIO/C, furnish the item number, quantity, description/specifications, including catalog stock number and price when available.

ATTACHMENT I

STATEMENT OF WORK

A. Objective

To provide 12 months of fiscal services, i.e. disbursements, reimbursements, accounting and auditing, to the USAID, Program Unit under a Cost Reimbursement ~~Plus~~ Fixed Fee Contract to ensure timely and proper use of project funds. The Contractor is to provide financial services as specifically described in the following scope of work.

B. Scope of Work

1. Banking Function

A. Services Agencies (SA)

- a. Makes advances from revolving fund as instructed by USAID on basis of approved project budgets.
- b. Receives and approves vouchers for liquidation of SA advances -
 1. Assures propriety by checking against budget for nature and magnitude of expenditures.
 2. Checks clerical accuracy, dates, evidence of delivery, PR records and receipts and reasonableness of charges.
 3. Disagreements, disallowances will be submitted to AID Program Manager for arbitration.
- c. Maintains revolving fund in separate account and maintains complete accounting records (in accordance with generally accepted accounting principles) with respect to all receipts into and disbursements from the fund (by project, by budget line item).

CONTINUATION SHEET	UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY AGENCY FOR INTERNATIONAL DEVELOPMENT	<input type="checkbox"/> Worksheet <input checked="" type="checkbox"/> Issuance	PAGE <u>5</u> OF <u>10</u> PAGES
	<input type="checkbox"/> PIO/C	1. Cooperating Country El Salvador	
	<input type="checkbox"/> PIO/P	2a. PIO Number 519-0281-3-20114	2b. Amendment <input checked="" type="checkbox"/> Original OR No. _____
<input checked="" type="checkbox"/> PIO/T	3. Project Number and Title 519-0281 Emergency Program: Health and Jobs for Displaced Families.		
<input type="checkbox"/> PA/PR			

Indicate block
numbers

Use this form to complete the information required in any block of a PIO/P, PIO/T or PA/PR. For PIO/C, furnish the item number, quantity, description/specifications, including catalog stock number and price when available.

- d. Reconciles fund accounting records for submission to USAID for replenishment of the revolving fund. Records must be maintained for three complete years after final disbursement by USAID and are subject to detailed audit by USAID.
- e. Submits replenishment requests (in form and substance satisfactory to USAID/Controller) for completed projects to USAID showing total activity in the fund (beginning balance, receipts, disbursements, ending balance) and supported by original supporting documentation and a detailed analysis (by budget line item, by project) for those completed projects for which the fund is being replenished. A replenishment request or status report will be required at least every thirty days.
- f. USAID will notify the bank in writing of the name and exact location of each Service Agency. The Service Agencies will be located in the following regions: Chalatenango, Morazán, Usulután, San Miguel, Cabañas, Cuscatlán, and San Vicente.
- B. CONADES
- a. On CONADES instruction, with written evidence of prior AID approval, will make disbursements to CONADES for the Curative Health and Survey Evaluation activities on the basis of pre-approved vouchers.
- C. Ministry of Health and Volags
- On instruction from the Program Unit, makes disbursements to the Ministry of Health and/or Volags on the basis of pre-approved vouchers.
2. Audit Function
- A. Service Agencies
- At least once every ninety (90) days, the Contractor will certify to AID that either - (a) procedures and systems of internal control have been tested to the extent required by generally recognized

CONTINUATION SHEET	UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY AGENCY FOR INTERNATIONAL DEVELOPMENT	<input type="checkbox"/> Worksheet <input checked="" type="checkbox"/> Invoice	PAGE <u>6</u> OF <u>10</u> PAGES
	<input type="checkbox"/> PIO/C <input type="checkbox"/> PIO/P <input checked="" type="checkbox"/> PIO/T <input type="checkbox"/> PA/PR	1. Cooperating Country El Salvador	
		2a. PIO Number 519-0281-3-20114	2b. Amendment <input checked="" type="checkbox"/> Original OR No. _____
	3. Project Number and Title 519-0281 Emergency Program: Health and Jobs for Displaced Families		

Indicate block numbers

Use this form to complete the information required in any block of a PIO/P, PIO/T or PA/PR. For PIO/C, furnish the item number, quantity, description/specifications, including Catalog stock number and price when available.

audit standards and/or that (b) sufficient audit tests have been made of transactions in order to ensure appropriate use of AID funds as defined under the Project Agreement and the individual Cooperative Agreements. Appropriate audit tests and procedures will include but are not limited to:

1. General accounting for funds managed (checking accounts and petty cash, authorized signatures, accounting records, documentation, etc.)

2. Project Implementation -

i) Payroll and procurement (inventories control, procurement authorization, etc.)

ii) Field testing and verification (reasonableness of labor work and material charges relative to work accomplished).

iii) Project cost accounting (procedures, appropriate documentation, accuracy, etc.)

B. CONADES, MOH and Volags

1. Test CONADES, MOH and Volags procedures and systems of internal control for:

i) General accounting for funds disbursed.

ii) Payrolls.

3. Technical Directions

Performance of the work herein shall be subject to the technical direction of the Human Resources and Humanitarian Affairs Office. As used herein, "Technical Directions" means directions to the Contractor which fill in details, suggests possible lines of inquiry, or, otherwise completes the general scope of work. "Technical Directions" must be within the terms of the Contract and shall not change or modify the terms in any way.

CONTINUATION SHEET	UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY AGENCY FOR INTERNATIONAL DEVELOPMENT	<input type="checkbox"/> Worksheet <input checked="" type="checkbox"/> Issuance	PAGE <u>7</u> OF <u>10</u> PAGES
	<input type="checkbox"/> PIO/C <input type="checkbox"/> PIO/P <input checked="" type="checkbox"/> PIO/T <input type="checkbox"/> PA/PR	1. Cooperating Country El Salvador	
		2a. PIO Number 519-0281-3-20114	2b. Amendment No. _____ <input checked="" type="checkbox"/> Original OR
	3. Project Number and Title . 519-0281 Emergency Program: Health and Jobs for Displaced Families.		

Indicate block numbers Use this form to complete the information required in any block of a PIO/P, PIO/T or PA/PR. For PIO/C, furnish the item number, quantity, description/specifications, including catalog stock number and price when available.

4. Reporting

- A. Within 10 days after signing of Contract, the Contractor shall present for USAID approval a detailed outline of the procedures to be employed, source to be used and a timetable to complete the required activities.
- B. Quarterly certifications required by 2. Audit Functions above.
- C. A replenishment request or status report will be required at least once every thirty days.
- D. Prepare a final auditing report based on the activities described in the Statement of Work. The auditing report should also include an executive summary. A draft of the final auditing report is to be submitted to USAID/El Salvador by August 15, 1983 to enable USAID to review and comment on the draft prior to final submission.
- E. Ten copies of the final auditing report should be submitted to USAID/El Salvador by October 15, 1983.

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CONTINUATION SHEET	UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY AGENCY FOR INTERNATIONAL DEVELOPMENT	<input type="checkbox"/> Worksheet <input checked="" type="checkbox"/> Invoice	PAGE <u>8</u> OF <u>10</u> PAGES
	<input type="checkbox"/> PIO/C	1. Cooperating Country El Salvador	
	<input type="checkbox"/> PIO/P	2a. PIO Number 519-0281-3-20114	2b. Amendment No. <input checked="" type="checkbox"/> Original OR
	<input checked="" type="checkbox"/> PIO/T	3. Project Number and Title 519-0281 Emergency Program: Health and Jobs for Displaced Families.	
<input type="checkbox"/> PA/PR			

Indicate block numbers

Use this form to complete the information required in any block of a PIO/P, PIO/T or PA/PR. For PIO/C, furnish the item number, quantity, description/specifications, including catalog stock number and price when available.

ILLUSTRATIVE BUDGET

ATTACHMENT II

The services to be contracted through this PIO/T are expected to begin on/about October 25, 1982 and end on/about September 30, 1983.

<u>Category</u>	<u>Description</u>	<u>Total Estimated Costs</u>
Line Item No.		
1. Salaries	3 auditors fulltime 10.59 per hr x 5,720 hrs	60,575.00
	1 junior auditor 4.65 per hr. x 2,080 hrs x 1	9,672.00
	1 assist. account 5.00 per hr. x 2,080 hrs x 1.	10,400.00
	1 secretary 7.06 x 2,080 hrs x 1	14,685.00
	Key Personnel 34.62 x 208	7,200.00
		<u>102,532.00</u>
2. Direct Cost (overhead) 15%		<u>15,500.00</u>
3. Travel and Transportation: Mileage, In-country air travel, Ground travel (taxi, buses) and Perdiem		23,545.00
4. Other indirect cost 3% contingencies		4,248.00
5. Profit or fee		87,500.00
	Total	<u>233,325.00</u>
	Est. dollar amount	93,330.00

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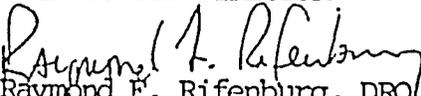
GEN. FOR INTERNATIONAL DEVELOPMENT
UNITED STATES OF AMERICA A. I. D. MISSION
TO EL SALVADOR
C/O AMERICAN EMBASSY.
SAN SALVADOR, EL SALVADOR, C. A.

Page 9 of 10 pages

ATTACHMENT III
PIO/T 519-0281-3-20114

ACTION MEMORANDUM TO THE DIRECTOR

FROM:


Raymond F. Rifenburg, DRO

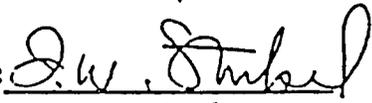
SUBJECT: Use of Noncompetitive Negotiation

Problem: Your certification is required for the use of noncompetitive negotiation.

Discussion: The use of noncompetitive negotiation is proposed for contracting of financial services under the Emergency Program: Health and Jobs for Displaced Families Project 519-0281. The estimated amount of the contract is \$93,330.

In AIDPR 7-3.101-50 (b) (2) the Mission is given the authority to use noncompetitive negotiation when contracting for goods and services where the estimated cost of the contract does not exceed \$100,000. AIDPR 7-3.101-50 (d) (2), which contains the justification and documentation requirements for noncompetitive negotiation, calls for a certification that the procurement meets the criteria of, and is being awarded pursuant to AIDPR 7-3.101-50 (b) (2), signed by the appropriate approving authority specified in AIDPR 7-3.101-50 (c). This specified authority is, in the case of Mission procurement, the contracting officer's immediate superior, the Mission Director, up to the limit of his delegated direct contracting authority. As set forth in Redlegation of Authority 99.1.42, as amended on March 10, 1978, your direct contracting authority limit is \$100,000.

Recommendation: That you approve this memorandum thereby certifying that the proposed procurement meets the requirements of, and is being awarded pursuant to AIDPR 7-3.101-50 (b) (2).

Approved: 

Disapproved: _____

Date: 11/1/82

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AGENCY FOR INTERNATIONAL DEVELOPMENT
UNITED STATES OF AMERICA A. I. D. MISSION
TO EL SALVADOR
C/O AMERICAN EMBASSY.
SAN SALVADOR, EL SALVADOR, C. A.

ATTACHMENT IV

PIO/T. 519-0281-3-20114

ACTION MEMORANDUM FOR THE DIRECTOR

FROM: Leo L. Ruelas, Chief HR/HA

Problem: Your approval is required for use of external sources for financial services i.e. disbursements, reimbursements, accounting and auditing to the USAID, Program unit under a cost plus fixed fee contract, as outlined in this PIO/T.

Discussion: The USAID plans to implement project 519-0281 designed to provide health and jobs for displaced persons. The project agreement precisely identifies institutional responsibilities of host government, US and private sector agencies which are to have a part in the implementation of the project.

All aspects of the projects fiscal management are to be carried out by a local bank. In addition, the bank is to provide auditing services as an integral part of its responsibilities. The estimated cost of the bank services is under \$100,000.

The proposed activity does not involve doing research, conducting a study or providing consulting services. The activity or services being sought from an external source are on-going fiscal management services during the implementation of the aforementioned project.

Recommendation: That you approve the requested financial management services and the use of persons other than regular agency staff in the performance of this service.

Approved: J. W. Stutzel

Disapproved: _____

Date: 11/1/82

ANNEX MAGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

AUG 7 1989

ACTION MEMORANDUM FOR THE ACTING ASSISTANT ADMINISTRATOR, LAC

FROM: LAC/DR, Terrence Brown *T.B.*SUBJECT: Dominican Republic - Proposed PVO Co-Financing Project
(517-0247)

Action Requested: Approval for USAID/Dominican Republic to establish a Program Trust Fund for the proposed PVO Co-Financing project.

Background: IAC supplemental guidance to USAID on management of host country-owned local currency (September 24, 1988) specifies that, based on current Agency guidance, the use of program trust funds is not generally favored. The guidance recognizes, however, that activities with non-governmental organizations (NGOs) and private voluntary organizations (PVOs) can present special circumstances.

Discussion: USAID/DR is now designing its PVO Co-Financing project to deliver selected social interventions to the poor through the U.S. and local Dominican PVO community. Under the project, an institutional mechanism will be established to:

- Provide effective, efficient management and administration of PVO sub-grants funded with both host country-owned local currency and project dollars;
- Upgrade both the accountability of PVOs and the design standards of USAID-supported PVO activities;
- Strengthen and expand USAID-PVO cooperation and USAID contacts with U.S. and local PVO organizations; and
- Develop more direct links with the poorer income groups in the Dominican Republic.

Planned life-of-project funding is \$9.5 million in DA and, as the GODR's contribution to the project, \$4.0 million in local currency. The Mission proposes that the \$4.0 million equivalent in local currency be placed in trust to USAID for two reasons:

(1) The GODR's procedures for processing and disbursing local currency are cumbersome and inefficient. The average

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time lag between GODR-USAID agreement on an activity and joint approval of the disbursement is from three to six months. Another six months are lost between the joint GODR-USAID approval for disbursement and the time the funds are actually deposited in the account of the implementing agency. As a result, implementing agencies may have to wait for up to one full year between the submission of proposals and the receipt of funds. Small associations, such as PVOs, do not have sufficient working capital to invest in both proposal preparation and initial funding. USAID and the GODR are currently working on an alternative mechanism for timely disbursements through the GODR bureaucracy. If and when a new disbursement mechanism is approved, however, it will not be in time to help the current PVO Co-Financing project.

(2) Both AID/W and USAID/DR wish to place more emphasis and visibility on the relationship between AID and the PVO community and their members.

The Mission is fully cognizant that a program trust fund arrangement implies additional responsibilities for the Mission. The project is being designed, however, to reduce Mission workload for both the DA-funded portion and the proposed program trust fund arrangement in three significant ways:

(1) The Mission will use a financial agent, such as a bank, to consolidate and process financial transactions for the individual PVO sub-grants. As a result, while it will be responsible for financial oversight and voucher certification, the Mission will actually directly process a minimum of advance and liquidation transactions.

(2) The services of a local audit firm will be funded under the project to perform financial assessments and non-federal audits when appropriate and necessary.

(3) In-country staffing by the institutional contractor will include two financial management specialists to assist PVOs in the administration of their sub-grants. The Mission will also assign one additional controller position (OE-funded) to handle all consolidated transactions under the project.

With the above arrangements in place, the Mission is satisfied that the Mission staff can handle the additional management requirements entailed in establishing a Program Trust Fund. Both the Program Trust Fund and the project's DA account will be handled in the same management unit in the Mission.

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Recommendation: That you approve establishment of a Program Trust Fund in the amount of \$4.0 million under the PVO Co-Financing project.

APPROVED: William B. Shuey AAA/CA

DISAPPROVED: _____

DATE: 7 Aug 89

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Clearances

LAC/DR/C:DBlane	Draft	Date	03 AUG 89
LAC/DR:JEvans	<i>W</i>	Date	8/3
LAC/DR/C:GHazel	Draft	Date	22 JUN 89
LAC/CONT:GByllesby	Draft	Date	27 JUN 89
LAC/CAR:PKolar	Draft	Date	23 JUN 89
GC/LAC:TGeiger	Draft	Date	27 JUN 89
LAC/DP:RMeehan	Draft	Date	28 JUN 89
SA/LAC:MKeenan-Wood		Date	


 USAID/DR:TCornell-LAC/DR/CAR:DBlane/DOC.#3575N/647-5221/03/AUG/89
 /(vgm-647-9174)

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AGENCY FOR INTERNATIONAL DEVELOPMENT

HANDBOOK TRANSMITTAL MEMORANDUM	DATE June 5, 1989	TRANS. MEMO NO. 13:52
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MATERIAL TRANSMITTED:Handbook 13 - Grants

Pages 4-5 through 4-10 of Chapter 4.

The requirements and responsibilities for preaward evaluation are modified and clarified. Audits will no longer automatically be required whenever the proposed recipient has not received a Federal Award in the last five years. The audit may be conducted by RIG/A, an independent audit firm under contract, or if the grant officer determines it appropriate, by the controller's staff.

SUPERSEDES:

Pages 4-5 through 4-14 of Chapter 4 (TMs 13:44, 13:45).

RECEIVED
 JUL 6 3 03 PM '89
 CONTROLLER'S
 OFFICE

FILING INSTRUCTIONS:

1. Remove superseded material as indicated under SUPERSEDES.
2. File the attached in their appropriate places.
3. Initial the Transmittal Memorandum Checksheet (in the back of the Handbook binder) beside TM 13:52.

* * * * *

KEEP THIS TRANSMITTAL MEMORANDUM, which has an up-to-date Checklist for this Handbook on the back. File this TM 13:52 in the front of the Handbook binder; discard TM sheet 13:51.

* * * * *

Address questions about this Handbook to M/SER/PPE.
 For additional copies of this Transmittal contact M/SER/IRM/PE.

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3. Background information on the applicant, including copies of its financial reports for the previous 3-year period, which have been audited by a certified public accountant or other auditor satisfactory to AID Applicants shall submit projected budget, cash flow, and organization chart. Applicants that have never received a grant, cooperative agreement, or contract from the Federal Government are required to submit a copy of their accounting manual. If a copy has already been submitted to the Federal Government, recipient should advise which Federal Office has a copy.

4. A signed copy of the "Assurance of Compliance with Laws and Regulations Governing Nondiscrimination in Federally Assisted Programs", if applicable (See Appendix 1H of this handbook).

5. A list of all contracts, grants or cooperative agreements involving similar or related programs over the past three years. The list must include the name and address of the organization or agency which funded the programs or for whom services were performed, the current telephone number of a responsible technical representative of that organization or agency, the number, if any, of each contract, grant or cooperative agreement; and a brief description of the program. (See Paragraph 1B21 of this handbook.)

6. Personnel and travel policies, if required by paragraph 4F4 below.

4F. Review of Managerial and Technical Capability Criteria for Assistance Recipients

1. To be eligible to receive a grant, a potential recipient must satisfy AID that it possesses, or has the ability to obtain, the necessary management competence in planning and carrying out assistance programs and that it will practice mutually agreed upon methods of accountability for funds and other assets provided by AID

2. The recipient must demonstrate potential or actual management ability and the capacity to plan and implement in the field of the recipient's expertise.

3. The recipient's accounting, recordkeeping and overall financial management system must meet the standards set forth in Paragraphs 1I, 1J, 1L and 1M of this handbook.

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* 4. Personnel and Travel Policies

a. Prior to awarding an assistance instrument to a recipient which has never received an award from the U.S. Government, the Overhead and Special Costs Branch shall review and approve the applicant's personnel and travel policies and procedures. The purpose of the review is to determine that the policies reflect a system which is adequate to ensure that the resulting costs will not be unreasonable in accordance with the applicable cost principles. If these personnel and travel policies have been approved by another government agency, AID will generally accept that approval.

b. Personnel policies: To be considered adequate, the policies must be in writing, applicable to all employees of the organization, be subject to review and approval at a high enough organizational level to assure its uniform enforcement, and result in costs which are reasonable and allowable in accordance with the applicable cost principles.

c. Travel policies: To be considered adequate the policies must be in writing, be applied uniformly to both federally financed and other activities of the organization, and result in costs which are reasonable and allowable in accordance with the applicable cost principles.

d. Once the policies have been reviewed and found to be acceptable, only subsequent major changes to the policies must be approved.

e. When an assistance instrument is to be awarded to an educational institution, the Office of Procurement's Overhead and Special Costs and Contract Close-Out Branch (SER/OP/PS/OCC) will determine, in accordance with the requirements of OMB Circular A-88 entitled "Indirect Cost Rates, Audit and Audit Followup at Educational Institutions," whether the recipient's travel and personnel policies have been reviewed, and if not, will coordinate such review with the cognizant agency.

f. Depending upon the total estimated dollar value and the nature of the agreement, (e.g., small dollar, short duration) SER/OP/PS/OCC might elect to review only portions of the recipient's policies.

5. Preward Evaluation

a. Before making an award, the grant officer must determine whether the recipient is able to meet the standards discussed in this Section 4F. To make this determination, the grant officer will conduct

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* an informal or desk survey, or will establish a formal survey team consisting of a representative of the cognizant Regional Inspector General Audit (RIG/A), a representative of the sponsoring technical office (including, as appropriate, an individual from the program review or management office of the Bureau or Mission in which the sponsoring technical office is located), and a representative of the grant office. A formal survey team should normally be established if:

(1) Either the grant officer or the technical officer is uncertain about the prospective recipient's capacity to perform technically or financially;

(2) The prospective recipient has never had an AID grant, cooperative agreement or contract before,

(3) The prospective recipient has not received a Federal award in the last five years (even if a formal survey team is not established in this instance, the grant officer shall, at a minimum, request an audit to be conducted by RIG/A, or an independent audit firm under contract, or if the grant officer determines it to be appropriate, by the Controller's staff), or

(4) The grant officer otherwise determines it to be in the best interest of the Government.

b. Whether by means of a formal selection survey, or through an informal or desk survey, the grant officer shall, before awarding any grant: *

(1) Review the proposed program description and financial plan for sufficiency.

(2) If applicable, request SER/OP/PS/OCC to review and approve recipient's personnel and travel policies to determine reasonableness, in accordance with the applicable cost principles (see paragraph 4F4 above).

(3) Make a determination of the prospective recipient's responsibility to the effect that the prospective recipient has:

(a) Adequate financial resources, or the ability to obtain such resources as required during the performance of the grant.

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(b) The ability to comply with the grant conditions taking into consideration all existing prospective recipient commitments, nongovernmental and governmental.

* (c) A satisfactory record of performance. Prospective recipients who are or have been deficient in current or recent performance (when the number of grants, contracts and cooperative agreements and the extent of the deficiency of each are considered), in the absence of evidence to the contrary of circumstances properly beyond the control of the prospective recipient, shall be presumed to be unable to meet this requirement. Past unsatisfactory performance will ordinarily be sufficient to justify a findings of nonresponsibility, unless there is clear evidence of subsequent satisfactory performance. The grant officer will collect and evaluate data on the past performance of applicants using information on past programs provided in accordance with paragraph 2C4 of Chapter 2 of this handbook.

(d) A satisfactory record of integrity and business ethics; and

(e) Is otherwise qualified to receive a grant under applicable laws and regulations (this includes meeting the standards discussed in the following paragraph).

c. When an audit is conducted, the representative of the cognizant RIG/A (or other auditor) shall review and report on the following:

(1) If the prospective recipient's accounting, recordkeeping, and overall financial management systems meet the standards set forth in paragraphs 1I, 1J, 1L, and 1M of this handbook.

(2) If the prospective recipient's system of internal controls is considered adequate.

(3) If the prospective recipient's property management system, if applicable, meets the standards set forth in paragraph 1T of this handbook. Audit findings regarding grantee nonconformance to system standards shall be referred to SER/OP/PS/OCC for resolution.

(4) If the prospective recipient's procurement system meets the standards set forth in paragraph 1U of this handbook. Applicable only if the procurement element is either more than 50% of the agreement or worth over \$250,000. Audit findings regarding grantee nonconformance to system standards shall be referred to SER/OP/PS/OCC for resolution. *

* Revised

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d. The representative of the technical office shall be requested to review the professional and technical experience and competence of the prospective recipient; the consistency of the prospective recipient's program with the objectives of the Foreign Assistance Act; and the conformity of the recipient's program to AID's program criteria.

e. Written Report

(1) Each office involved in the survey team evaluation will make a written report of its findings. The report will contain a recommendation and any stipulations by each office. The grant officer shall include a certification as to the responsibility of the prospective recipient. The reports will be sent to the grant officer for retention in the official file, and if there are negative recommendations, the grant officer will develop a summary report and send the summary and all individual office recommendations to the head of the sponsoring technical office for final decision. The head of the sponsoring technical office will make a written decision and will include reasons for overriding any adverse recommendations of the survey team. Either office may then appeal the decision to the AA of the Bureau within which the sponsoring technical office is located.

(2) The grant officer will also make a recommendation as to whether or not a grant is the proper instrument to be used in accordance with Chapter 25 of Handbook 1, Supplement B. If the grant officer and the technical officer do not agree as to the proper instrument, written arguments will be submitted to M/AAA/SER for determination as to the proper instrument.

4G. Grant Negotiation, Drafting, and Processing

1. Grant Negotiation

a. When the review process required by paragraph 4F of this handbook is completed and the completed copy of the "Assurance of Compliance" has been received, negotiation of program changes, terms, and conditions will be conducted. The negotiations will include the grant officer, the sponsoring technical office representative and the prospective recipient's representative. At the completion of the negotiations all parties must agree on the program description, the grant budget (including method of payment) and all terms and conditions before the grant is signed by the grant officer. If a letter of credit method of payment is to be used, an oral clearance will be obtained from the appropriate official in FM/PA&D.

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b. The technical office and the grant office, subsequent to the execution of the agreement, shall keep each other up-to-date by sending other offices a copy of each piece of correspondence sent to or received from the prospective recipient.

2. Grant Drafting

a. The grant document consists of a letter obligating the funds and attachments to the letter prescribing the terms and conditions of the grant. (See Appendixes 4A through 4D.)

b. The grant letter (Appendix 4A) will set out the purpose of the grant, the amount of the grant, and the conditions of the grant.

c. Normally the first attachment in a specific support grant is the schedule (Appendix 4B), which will include the program description, evaluation indicators, reporting requirements, and the financial plan.

d. The grant budget will set out expenditures to be incurred by program categories (i.e., objectives, outputs, activities, etc.) The grant budget should be illustrative and the grantee should be allowed flexibility within the total obligated amount. The grant budget will set forth the funding provided for the whole program, showing those costs borne by the Agency, and those borne by the grantee and other donors. The grant budget should show the dates during which the obligated funds are to be available. Funding revisions will be considered in the event of significant changes in the grant budget and/or level of activity contemplated (see paragraph 1P of this handbook).

e. The last attachment contains the standard provisions (Appendix 4C or Appendix 4D).

3. Payment Procedures

a. Federal policy endorses extending advances in reasonable amounts to nonprofit educational or research institutions for experimental, developmental or research work. AID extends this policy to all nonprofit organizations, including U.S. or international private voluntary organizations, U.S. educational and research institutions and international research institutions. This policy assures that nonprofit organizations will not be forced to utilize their own working capital or earmarked funds to finance programs carried out under agreements with AID Department of the Treasury policy, however, requires AID to monitor

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the cash management practices of these institutions to insure that Federal cash is not maintained in excess of that required for the grantee's immediate disbursement needs.

b. For specific requirements for choice of payment procedure, see paragraph 1.0 of this handbook.

4. Grant Processing

a. When agreement has been reached on all terms and conditions of the grant, the grant is put into final form and signed by the grant officer thereby obligating the funds.

b. The grant and a copy of the PIO/T are sent to the Office of Financial Management (M/FM) for prevalidation of fund availability and to be recorded in the accounting records.

c. When the grant is returned from M/FM, the grant is sent to the grantee for acknowledgement of receipt of the grant.

d. M/FM will not disburse any funds to the grantee until they receive a copy of the agreement signed by the grantee.

5. File Documentation

Details on file documentation requirements are set forth in paragraph 1V of this Handbook.

6. Amendments and Termination

a. Funded Amendments - This type of amendment should follow the same basic process used in writing a new grant, except for the grantee selection, management, and technical capability review procedures.

b. Nonfunded Amendments - If any changes are required in the grant, the cognizant technical office should prepare a PIO/T authorizing the grant officer to make such a change.

c. Termination for Convenience of Cause - (See paragraph 1R of this handbook.)

4H. Standard Provisions

1. Use of appropriate standard provisions as set forth in either Appendix 4C (U.S. grantees) or Appendix 4D (non-U.S. grantees) is mandatory.

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2. The use of a standard provision which differs from any of those set forth in the appropriate Appendix, or deletion of a mandatory and applicable standard provision, requires a deviation approved in accordance with paragraph 1E of this handbook.

3. A special provision within the schedule of the grant (see Appendix 4B) shall be used to modify standard provisions, or to add any standard provisions for which a deviation has been approved.

4I. Grant Administration

1. AID's role in administration is first to select an organization which is capable and competent to carry out the agreed upon program and meet the stated goals of the grant and then to measure and evaluate the grantee's progress to assure that the purposes of the grant are being effectively achieved and that the assumptions under which the grantee was selected are still valid. The grant is not managed by AID. The grantee establishes the goals for the program which are approved by AID and included in the grant and is responsible for planning and implementation to achieve those goals. The Agency's role in agreeing to support the program is to measure and evaluate the grantee's progress in achieving those goals. This is accomplished by use of program and fiscal reports and through the contact maintained by the technical officer.

2. The roles of the grant officer and technical officer in grant administration are described in detail in paragraph 1B3 of Chapter 1 of this Handbook.

a. Informal relationships with the grantee are generally carried out by the technical officer, and consist primarily of coordination of the grant program with on-going AID direct programs, information exchange, and guidance in AID reporting and evaluation requirements.

b. All required approvals, interpretation of grant terms and conditions and changes to the grant are made by the grant officer.

3. Reports are required at the intervals specified in the schedule of the grant.

a. The Financial Status Report (SF 269 dated 9-76) shall be prepared by the grantee in accordance with paragraph 1M of this handbook. Expenditures should be reported by program input costs. The grant must have a clear definition of expenditures as related to the

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grantee's accounting system. The fiscal report should provide a useful quantification of program achievements. For grant programs having subprograms, the grantee will include information on disbursements to subprograms, reported subprogram expenditures, audited expenditures and pipeline. For Mission funded grants under a letter of credit, a copy of the SF-269 report is sent to the appropriate Mission accounting station.

b. At a minimum, the annual report should consist of both narrative and tabular detail on each program (see paragraph 1N of this handbook) plus headquarters costs. The narrative should be a brief discussion of progress against program objectives of the past calendar year, of significant program developments anticipated during the current year and a statement of projected accomplishments for the coming year. Past, current, and budget year information should be presented tabularly by program input costs.

4. As covered in paragraph 1L2h of this handbook, grantees are required to conduct examinations in the form of audits with reasonable frequency, usually annually, but not less often than every two years. These examinations are intended to ascertain the effectiveness of the financial management systems and internal procedures that have been established to meet the terms and conditions of the grants. In accordance with the standard provision in Appendix 4C, "Accounting, Audit, and Records", the grantee is to provide a copy of each such audit to the grant officer. The grant officer, in turn, shall provide a copy to the Regional Inspector General for Audit and to the appropriate technical office. AID may also conduct audits to determine whether the grantee has expended the grant funds in accordance with the terms and conditions of the grant and whether program performance and accomplishments were realized as intended.

5. Close out. (See paragraph 1Q of this handbook.)

6. Property Management. (See paragraph 1T of this handbook.)

7. Procurement Management. (See paragraph 1U of this handbook.)

4J. Cost Sharing/Matching Grants

1. Definition: Cost sharing/matching is a required contribution by the grantee from non-Federal sources toward the total cost of the program, either in cash or in-kind, usually described as a percentage of total costs.

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2. The determination as to the requirement for a level of cost sharing/matching is the responsibility of the cognizant program officer. All grants designated by the program office as matching or cost sharing grants will contain the Standard Provision entitled "Cost Sharing/Matching."

3. Criteria and procedures for the allowability of cash and in-kind contributions made by grantees to satisfy cost sharing/matching requirements are set forth in paragraph 1K, "Cost Sharing and Matching", of this handbook. Except for these requirements, no other requirements set forth in the standard provisions are applicable to costs incurred by the grantee from non-Federal funds.

4. Cost sharing/matching percentages will be applied to the total cost of the grant program. Cost principles applicable to grants prohibit the accomplishment of cost sharing/matching through arbitrary limitations on individual cost elements. This is particularly important in the area of indirect costs (overhead). When a negotiated overhead rate agreement is in effect between AID or another cognizant agency and a grantee organization, the negotiated rate will be applied to the agreed upon direct costs to determine the total cost of the program, and the cost sharing/matching percentage will be applied to the total cost.

5. Unless otherwise specified in the schedule of the grant, verification that the cost sharing/matching requirement has been met will be made at the end of each funding period or on an annual basis as determined by the cognizant program office. Verification is based on expenditures. Individual expenditures do not have to be shared or matched provided that the total expenditures incurred during the designated funding period or year are shared or matched.

6. The grantee must account for the AID funds in accordance with the standard provision entitled "Accounting, Audit and Records." However, in the event of disallowances of expenditures from AID grant funds, the grantee may substitute expenditures made with funds provided from non-Federal sources, provided they are otherwise eligible in accordance with paragraph 1K of this handbook.