

FD - 112-785
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, DC 20523
1st 62475

Mr. Thomas S. Carroll
President
International Executive Service Corps
8 Stamford Forum
P.O. Box 10005
Stamford, CT 06904-2005

Subject: Grant No. PDC-0004-G-SS-8033-00

Dear Mr. Carroll:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A.I.D.") hereby provides to International Executive Service Corps (hereinafter referred to as "IESC" or "Grantee") the sum of two million six hundred thirty thousand dollars (\$2,630,000) to provide support for a program in the development of private sectors in less developed countries (LDCs), as more fully described in Attachment 1 of this Grant entitled Schedule and Attachment 2, entitled Program Description.

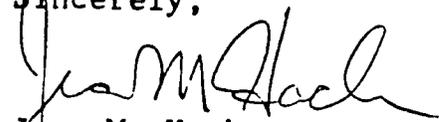
This Grant is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Grantee in furtherance of program objectives through the estimated completion date of December 31, 1988. Funds disbursed by A.I.D. but uncommitted by the Grantee at the expiration of this period shall be refunded to A.I.D.

The total estimated amount of the program is \$5,000,000, of which \$2,630,000 is hereby obligated. A.I.D. shall not be liable for reimbursing the Grantee for any costs in excess of the obligated amount. However, subject to the availability of funds, and program priorities at the time, A.I.D. may provide additional funds during the Grant period up to a maximum of \$2,370,000. It is anticipated that the obligated amount will be sufficient through June 30, 1988.

This Grant is made to the Grantee on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1, the Schedule, Attachment 2, the Program Description, and Attachment 3, the Standard Provisions, which have been agreed to by your organization.

Please acknowledge receipt of this Grant by signing all copies of this Cover Letter, retaining one set for your files, and returning the remaining copies to the undersigned, being sure to return all copies marked "Funds Available".

Sincerely,



Jean M. Hacken
Grant Officer
Central Operations Branch
Office of Procurement

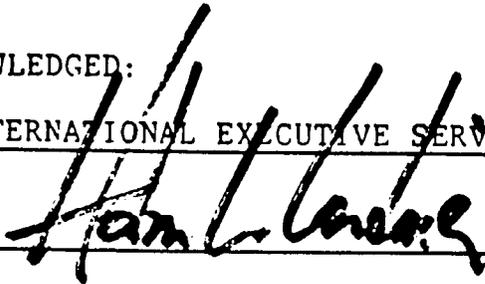
Attachments:

1. Schedule
2. Program Description
3. Standard Provisions

ACKNOWLEDGED:

INTERNATIONAL EXECUTIVE SERVICE CORPS

BY:



TYPED NAME: _____

TITLE: _____

DATE: MAR 4 1988

FISCAL DATA

PIO/T No.: 834-2000
Appropriation No.: 72-1181021.6
Budget Plan Code: PDSA-88-13480-KG-11
Allotment No.: 846-34-099-00-69-81
Obligated: \$1,130,000

PIO/T No.: 834-2180
Appropriation No.: 72-1181021.3
Budget Plan Code: PDNA-88-13480-KG-11
Allotment No.: 843-34-099-00-69-81
Obligated: \$1,500,000

This Obligation	:	\$2,630,000
Total Estimated Amount:		\$5,000,000
Total Obligated Amount:		\$2,630,000
Technical Office:		PRE/PD
Funding Source:		A.I.D./W
DUNS No.:		07-682-9480
E.I. No.:		13-2503656

SCHEDULE

A. Purpose of Grant

The purpose of this Grant is to provide support for the Grantee's program in furnishing business and management expertise to businesses in developing countries to contribute to the development of the private sectors in those LDCs, as more specifically described in Attachment 2 to this Grant entitled "Program Description."

B. Period of Grant

1. The effective date of this Grant is the date of the Cover Letter and the estimated completion date is December 31, 1988.

2. Funds obligated hereunder are available for program expenditures for the estimated period January 1, 1988 to June 30, 1988 as shown in the Grant Budget below.

C. Amount of Grant and Payment

1. The total estimated amount of this Grant for the period shown in B.1. above is \$5,000,000.

2. A.I.D. hereby obligates the amount of \$2,630,000 for program expenditures during the period set forth in B.2. above and as shown in the Grant Budget below.

3. Payment shall be made to the Grantee in accordance with procedures set forth in Attachment 3 - Additional Standard Provision, entitled "Payment - Letter of Credit".

4. Additional funds up to the total amount of the Grant shown in C.1. above may be obligated by A.I.D. subject to the availability of funds, program priorities at the time, and the requirements of the Mandatory Standard Provision of this Grant, entitled "Revision of Grant Budget."

D. Budget

1. The following is the Budget for this Grant. The Grantee may not exceed the total estimated amount or the obligated amount, whichever is less (see Part C above). Except as specified in the Mandatory Standard Provision of this Grant entitled "Revision of Grant Budget", as shown in Attachment 3, the Grantee may adjust line item amounts within the grand total as may be reasonably necessary for the attainment of program objectives.

Budget

<u>Category</u>	<u>A.I.D. Funding</u>	<u>Total Program Costs</u>
Volunteer Executives:		
Donated Services	\$ -0-	\$14,600,000
Transportation	982,000	2,200,000
Subsistence	1,519,000	3,400,000
Recruitment	447,000	1,000,000
Other	132,000	300,000
Country Director & Field Supervision:		
Salaries	492,000	1,100,000
Other	1,428,000	3,200,000
U.S. Office Administration*	<u>-0-</u>	<u>2,500,000</u>
TOTAL	\$ 5,000,000	\$28,300,000

A.I.D. Funding \$ 5,000,000

Other Sources** \$23,300,000

*Funds provided under this Grant shall not be used to cover costs of U.S. Office Administration.

**Includes \$14,600,000 in donated services.

2. Notwithstanding the effective date of this Grant, and subject to the Mandatory Standard Provision entitled "Allowable Costs," costs incurred on or after January 1, 1988 shall be eligible for reimbursement hereunder. Such costs are included in the Budget shown above.

E. Reporting

1. Financial Reporting

a. Financial reporting requirements shall be in accordance with the Additional Standard Provision of this Grant entitled "Payment - Letter of Credit", as shown in Attachment 3.

b. The original and two copies of all financial reports shall be submitted to A.I.D., Office of Financial Management, Program Accounting and Finance Division (FM/PAFD), Washington, D.C. 20523. In addition, three copies of all financial reports shall be

5

submitted to the Technical Office specified in the Cover Letter of this Grant.

2. Program Performance Reporting

a. The Grantee shall submit quarterly program performance reports, and a final report, which briefly presents the following information:

(1) A comparison of actual accomplishments with the goals established for the period, the findings of the investigator, or both. If the output of programs or projects can be readily quantified, such quantitative data should be related to cost data for computation of unit costs.

(2) Reasons why established goals were not met.

(3) Other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

b. Between the required performance reporting dates, events may occur that have significant impact upon the program. In such instances, the Grantee shall inform A.I.D. as soon as the following types of conditions become known:

(1) Problems, delays, or adverse conditions that will materially affect the ability to attain program objectives, prevent the meeting of time schedules and goals, or preclude the attainment of project work units by established time periods. This disclosure shall be accompanied by a statement of the action taken, or contemplated, and any A.I.D. assistance needed to resolve the situation.

(2) Favorable developments or events that enable time schedules to be met sooner than anticipated or more work units to be produced than originally projected.

c. If any performance review conducted by the Grantee discloses the need for change in the budget estimates in accordance with the criteria established in Standard Provision of this Grant entitled "Revision of Grant Budget", the Grantee shall submit a request for budget revision.

d. An updated Financial Plan and 1988 Overseas Program Budget should be attached to the Final Report.

e. Five copies of each program performance report shall be submitted to the Technical Office specified in the Cover Letter of this Grant.

F. Title to Property

Title to all property purchased under this Grant shall be vested in the Grantee.

G. Special Provisions

1. For the purposes of this Grant, references to "OMB Circular A-122" in the Standard Provisions of this Grant shall include the A.I.D. implementation of such Circular, as set for in subpart 731.7 of the A.I.D. Acquisitions Regulations (AIDAR) (41 CFR Chapter 7).

2. Spouse travel is authorized under this Grant in accordance with the Additional Standard Provision entitled, "Air Travel and Transportation".

3. Countries eligible for assistance using funds provided herein are limited to those listed in the Program Description, unless otherwise authorized in writing by the A.I.D. Technical Officer.

4. The Grantee shall keep the A.I.D. Project Officer informed of anticipated grants from other A.I.D./W Bureaus, U.S.A.I.D. missions, as well as other donors in support of this program when the possibility becomes known to IESC.

5. The following Additional Standard Provisions are not applicable to this Grant:

2, 3, 8, 9, 10, 12, 13, 15, 16, 17, 18, 19, 21, and 22.

PROGRAM DESCRIPTION

I. Purpose

The purpose of this Grant is to provide support for the Grantee's program in furnishing business and management expertise to businesses in developing countries in such a way as to contribute to the development of the private sectors in those LDC's.

II. Activities

A. Basic Program

The International Executive Service Corps (Grantee) will use the funds obligated under this Grant for the specific purpose of implementing the program described in the following numbered paragraphs and qualified by Specific Elements contained in Section II. B.

1. Grantee will provide technical assistance directly to indigenously owned private enterprises in developing countries.
2. Grantee will recruit and maintain a roster of Volunteer Executives made up of retired and non-retired U.S. executives, principally from business enterprises, for the purpose of providing the technical assistance.
3. Grantee will require assistance recipients to contribute to the IESC some portion of the total costs of the assistance as a matter of principle. The portion of total costs borne by the client will be based on the value of the assistance to the client as modified by the client's ability to pay. Exceptions to the rule of cost-sharing by the client can be made by IESC, except systematic exceptions must be agreed to by the Project Officer.
4. Grantee will maintain close liaison with A.I.D. Country Missions, A.I.D. Regional Bureaus and the Bureau for Private Enterprise for the purpose of efficiently and effectively carrying out its program while broadening program support within A.I.D.
5. Grantee will implement the specifics and basic intent of the Program Description, as submitted to A.I.D. and included as a part of this grant,

in a business-like manner. When questions arise concerning interpretations of the Grant, the Grantee will consult the Grant Officer or Project Officer, as appropriate, for guidance.

B. Specific Elements

1. Management and Technology Transfer

The thrust of the IESC's Volunteer Executive (VE) Program will continue to be the transfer of business skills so that the benefits of a VE project will continue long after the project ends. Key to this is the role played in management training and development by each VE as he works with his designated counterpart within a client company.

The IESC will continue to offer management seminars by the VE whenever possible, at the conclusion to the assignment.

2. VE Counterpart

IESC requires each client to designate a counterpart to the VE. The counterpart will work closely with the VE at all times during the volunteer assignment so that he or she can be trained by the volunteer to perform with more skill and to train other members of the staff in improved procedures that are taught by the volunteer.

The designated counterpart should be at a sufficient management level to have the ability to benefit from the volunteer's presence and the authority to implement improvements and direct the training of others within the client company.

3. Country Director's (CD) Contribution to Business Community

As a general practice, IESC Country Directors work with indigenous management associations to assist them in their efforts to develop training and business skills to improve their programs. Some of the associations the IESC has worked with are the Asia Institute of Management in the Philippines, the Indonesia Management Association, and the Management Association of Pakistan.

4. Language Proficiency

While top business leaders with whom our volunteers work in a country usually speak English, middle management and workers generally do not.

IESC has always first sought the best qualified volunteer for an assignment as a primary requisite and, if the volunteer also had language proficiency, that was a plus. IESC will continue to seek out volunteers with language ability subject only to unquestioned technical competence.

IESC has a coding system that categorizes VE's not only within their fields of expertise but also by what foreign languages they can speak. Spanish and French are the largest groups. The group with the requisite language capabilities will be explored initially for qualified and available volunteers.

5. Small Business Activity

IESC feels small or medium business survival and growth is vital to the overall strength of the private enterprise system in lesser developed countries and, importantly, dramatic increases in employment opportunities come when the small or medium entrepreneur utilizes the experience and advise of an IESC volunteer to expand his business. This is where the new jobs will come for many in the developing world.

IESC's objectives in 1988 are to carry out 50% of its projects in Core Grant countries with small companies. A small company is defined as having less than \$3 million in gross annual revenue or less than 100 employees.

6. Small Client Fees

It is a principle of IESC to charge every client for its services believing that what is given away may not be fully appreciated. However, to encourage the development of projects with smaller enterprises, IESC will continue to charge small clients less than large clients.

7. Piggy-Back Projects

Another approach that emphasizes the small client is an opportunity to utilize volunteer expertise at least twice for one air fare. Piggy-backing results in a small client obtaining the services of a volunteer who is enroute to or from a larger client in his region of the world. Since the larger client already has contributed toward air fares, recruitment, and administrative costs, the small client can benefit by paying only a modest contribution to have the volunteer extend his time overseas to work with the small client.

8. Agribusinesses

The business of food, from seed to consumer, continues to be a large area of IESC volunteer assignments. In 1988 the IESC will seek to perform 20% of its projects in Core Grant countries with agribusinesses or businesses involved in agricultural production.

The IESC will continue to utilize the National Advisory Councils (groups established by the CD to assist the IESC) local A.I.D. offices, the U.S. Agricultural Attache, local Ministries of Agriculture, indigenous agribusiness companies, and branches of multinational food companies.

9. Public vs. Private

The IESC believes that sustainable economic growth will come through the development of the private sectors of LDCs. As such, the IESC will not use Grant funds to assist parastatals. A parastatal is defined as any organization owned more than 50% by a government and/or its parastatals). In the rare instance where assistance to a parastatal might be warranted, the IESC will obtain the prior written approval of the A.I.D. Technical Officer.

10. IESC/AID Relationships

IESC Country Directors meet at a minimum once a month with A.I.D. Mission personnel. The CD will endeavor to familiarize himself with the USAID's private sector strategy and specific projects. The CD will seek to advance the success of mission projects whenever possible. This greater interchange between IESC and A.I.D. overseas will continue in an effort to better assist private sector development in LDC's.

IESC will continue to provide support to A.I.D. programs and policies, particularly where it can be most helpful, such as the fields of institution building, training, and the transfer of management and technical skills, activities that have been an important part of the traditional role of IESC.

C. Core Grant Countries

Unless otherwise authorized in writing by the A.I.D. Technical Officer, funds provided under this Grant are to be used in the following countries only:

Core Grant Eligible: Central American, Latin America and Caribbean

Antigua
Barbados
Belize
Bolivia
Brazil*
Costa Rica
Dominica
Dominican Republic
Ecuador
El Salvador
Grenada
Guatemala
Haiti
Honduras
Jamaica
Mexico*
Montserrat
Paraguay*
Peru
St. Kitts
St. Lucia
St. Vincent
Trinidad/Tobago
Uruguay*

Core Grant Eligible: Asia and Near East

Bangladesh
Burma
Egypt
India
Indonesia
Jordan
Lebanon
Morocco
Nepal
Oman
Pakistan
Philippines
South Pacific Countries served from Fiji
Sri Lanka
Thailand
Tunisia
Yemen

Core Grant Eligible: Africa

Botswana
Burkina

Burundi
Cape Verde
Cameroon
Chad
Djibouti
Ethiopia
Gambia
Ghana
Guinea-Bissau
Kenya
Lesotho
Liberia
Madagascar
Malawi
Mali
Mauritania
Mozambique
Niger
Nigeria*
Rwanda
Senegal
Sierra Leone
Somalia
South Africa
Sudan
Swaziland
Tanzania
Togo, Benin
Uganda
Zambia
Zaire
Zimbabwe

*Prior to the use of funds provided under this Grant in these countries, the Grantee shall obtain the written approval of the A.I.D. Technical Officer.

D. Financial Guidelines

Expense Control

The Grantee will continually review its U.S. and overseas administrative and direct costs for the purpose of maintaining costs at a minimum while providing adequate guidance and support in the field and cost effective management and technical assistance.

2. Capital Expenditures

Funds provided under this Grant shall not be used to cover the costs of major capital expenditures. Major capital expenditures are defined as any expenditure in excess of \$150,000.

3. Revenue Generation

Grantee will continue emphasis on expanding its source of funds for its program beyond this Grant. Potential additional sources include, but are not limited to, USAID Missions overseas, U.S. Private sector companies, foundations, overseas donors, and recipients of the Grantee's services.

a. Private Sector Revenue

Grantee will continue affirmative action to maximize client revenues and funding from sources other than A.I.D.

b. Cost Sharing

The Grantee will attempt to raise at least 50 percent of its program revenue, including the value of donated services, from sources other than A.I.D. in 1988.

c. Cost Attribution

Grant funds are to be used exclusively to assist Grantee's program in Core Grant countries. No funds provided through this Grant can be used to pay U.S. administrative costs. This restriction applies only to A.I.D. funds provided by the Core Grant. Program income recovered from private clients in Core Grant countries will, for accounting purposes, be attributed to the Core Grant country portion of U.S. administrative costs only, and the remainder to project expenses in those countries. Program income generated by client contributions will equal at least 100 percent of the cost of U.S. administration for Core Grant countries on a year-by-year basis. "Program Income" for the purpose of this section is defined as gross income received by IESC as a result of operation of the Grant program. It therefore includes client contributions made to IESC for activity supported by this Grant, but does not include corporate contributions and miscellaneous income.



MANDATORY STANDARD PROVISIONS FOR
U.S., NONGOVERNMENTAL GRANTEES¹

INDEX OF
MANDATORY STANDARD PROVISIONS

- | | |
|-----------------------------------|----------------------------------|
| 1. Allowable Costs | 7. Ineligible Countries |
| 2. Accounting, Audit, and Records | 8. Nondiscrimination |
| 3. Refunds | 9. U.S. Officials Not to Benefit |
| 4. Revision of Grant Budget | 10. Nonliability |
| 5. Termination and Suspension | 11. Amendment |
| 6. Disputes | 12. Notices |

1. ALLOWABLE COSTS (NOVEMBER 1985)

The grantee shall be reimbursed for costs incurred in carrying out the purposes of this grant which are determined by the grant officer to be reasonable, allocable, and allowable in accordance with the terms of this grant, any negotiated advance understanding on particular cost items, and the applicable* cost principles in effect on the date of this grant.

* NOTE: For Educational Institutions use O/B Circular A-21; for all other non-profits use O/B Circular A-122; and for profit making firms use FAR 31.2. and AIDAR 731.2.

2. ACCOUNTING, AUDIT, AND RECORDS (MARCH 1987)

(a) The grantee shall maintain books, records, documents, and other evidence in accordance with the grantee's usual accounting procedures to sufficiently substantiate charges to the grant. The grantee's financial management system shall provide for the following:

(1) Accurate, current, and complete disclosure for each AID-sponsored project or program in accordance with the reporting requirements of this grant. While AID requires reporting on an accrual basis, the grantee shall not be required to establish an accrual accounting system but shall develop such accrual data for its reports on the basis of an analysis of the documentation on hand.

¹When these Standard Provisions are used for cooperative agreements, the following terms apply: "Grantee" means "Recipient," "Grant" means "Cooperative Agreement," and "AID Grant Officer" means "AID Agreement Officer."