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U. S. AID MISSION TO DOMINICAN REPUBLIC

AMERICAN EMBASSY, P. O. Box 22201
SANTO DOMINGO, DOMINICAN REPUBLIC

FOR U.S. CORRESPONDENTS:
U.S. AID MISSION
APO MIAMI 34041-0008

- 8 SET. 1991

Ms. Susan E. Wight
SRI International
333 Ravenswood Ave.
Menlo Park, CA 94025

Subject: Cooperative Agreement No. 517-0000-A-00-1232-00

Dear Ms. Wight:

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 enters into a Cooperative Agreement with SRI International, Menlow Park, CA (hereinafter referred to as "Recipient") for the sum of \$76,120 to provide support for the Economic Policy and Practice Project described in Attachment 1 of this Agreement, entitled "Schedule", and Attachment 2, entitled "Program Description."

This Cooperative Agreement is for Phase One only and is effective and obligation is made as of the date of this letter, and shall apply to commitments made by the Recipient in furtherance of project objectives during the period beginning October 1, 1991 and ending not later than December 9, 1991.

This Cooperative Agreement is made to the Recipient on condition that the funds will be administered in accordance with the terms and conditions as set forth in this Cover Letter, Attachment 1, entitled "Schedule", Attachment 2, entitled "Program Description", and Attachment 3, entitled "Mandatory Standard Provisions and Optional Standard Provisions for U.S. Nongovernmental Grantees."

Please sign the original and two (2) copies of this letter to acknowledge your acceptance of the Cooperative Agreement, and return the original and one (1) copy to the A.I.D. Recipient Officer indicated below.

Sincerely,



Agreement Officer
USAID/Dominican Republic

Attachments:

1. Schedule
2. Program Description
3. Mandatory Standard Provisions, and Optional Standard Provisions for U.S. Nongovernmental Grantees

ACKNOWLEDGED:

(Recipient's Name)

By :

Richard A. Cramer

Title: Corporate Director of Contracts

Date : September 6, 1991

FISCAL DATA

Appropriation	: 72-1111021
Budget Plan Code	: LDSA-91-25527-KG 13
PIO/T No.	: 517-0000-3-10047
Project No.	: 517-0000.91
Total Estimated Amount	: \$76,120
Total Obligated Amount	: \$76,120
DUNS Number	: 00-923-2752
IRS Employer Identification Number	: 941160950
Paying Office	: USAID/Dominican Republic
Reserv. Control Number	: P100077

FUNDS AVAILABLE	
Cramer M A	
Initials	Date
AB	9/6/91

SCHEDULE

I. AUTHORITY, PURPOSE AND PROGRAM DESCRIPTION

This Cooperative Agreement is entered into pursuant to the Foreign Assistance Act of 1961, as amended, and the Federal Grant and Cooperative Agreement Act of 1977 (P.L. 95-224). The purpose of this Agreement is to provide support for the Economic Policy and Practice Project, as more specifically described in Attachment 2 of this Agreement (entitled "Program Description") and more fully described in the Recipient's proposal (dated August 5, 1991), which is hereby incorporated into and made a part of this Agreement.

II. FUNDS OBLIGATED, PAYMENT, AND ESTIMATED COSTS

A. The total estimated amount of this Phase One Agreement for the period shown in Article III below is \$76,120, as shown in the Financial Plan found in Article IV of this Schedule.

B. Payment shall be made to the Recipient in accordance with procedures set forth in the Optional Standard Provision of this Agreement, entitled "Payment - Cost Reimbursement," as shown in Attachment 3.

III. PERIOD OF AGREEMENT

The effective date of this Cooperative Agreement is October 1, 1991. The expiration date of this Cooperative Agreement is December 9, 1991.

IV. FINANCIAL PLAN

The following is the budget for this Phase One Agreement. Revisions to this budget shall be made in accordance with Standard Provision of the Agreement, entitled "Revision of Agreement Budget."

Illustrative A.I.D. Budget
(US \$)

<u>Cost Element</u>	<u>From: 10/1/91</u>	<u>To: 12/9/91</u>
Salaries	\$10,338	
Staff Benefits/Overhead	\$12,777	
Travel and Transportation	\$ 7,182	
Other Direct Costs	\$40,528	
<u>G&A/Burden</u>	<u>\$ 5,295</u>	
TOTAL		<u>\$76,120</u>

V. REPORTS

A. Phase One: Project Design

The Recipient will submit a Draft Project Paper by November 12, 1991 and a Final Project Paper by December 9, 1991. Three copies of both the Draft and Final Project Papers will be submitted to Project Office, USAID/Santo Domingo.

B. Phase One: Financial Reporting

The Recipient will submit SF-270, "Request for Advance or Reimbursement," in accordance with the Standard Provision, entitled "Payment - Cost Reimbursement (November 1985)," incorporated into this Agreement. The payment office for this Agreement is Controller, USAID/Santo Domingo.

C. Phase One: Other Reports

The Recipient agrees to submit to USAID/Dominican Republic any other reports as may be reasonably requested. The Recipient also agrees to share with USAID/Dominican Republic any reports which have a bearing on the successful implementation of the project.

VI. NEGOTIATED OVERHEAD RATES

Pursuant to Clause No. 13 entitled, "Negotiated Indirect Cost Rates - Provisional," of the Optional Standard Provisions of this Agreement, indirect cost rates shall be established for each of the Recipient's accounting periods which apply to this Agreement. Pending establishment of revised provisional or final indirect cost rates for each of the Recipient's accounting periods which apply to this Agreement, provisional payments on account of allowable indirect costs shall be made on the basis of the following negotiated provisional rate(s) applied to the base which is (are) set forth below:

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<u>Type</u>	<u>Rate</u>	<u>Period</u>	<u>Base</u>
Staff Benefits	39.4%	1991	Direct Labor
Home Office Overhead	60.4%	1991	Direct Labor/ Staff Benefits
G&A	24.5%	1991	Direct Labor/ Staff Benefits/ Overhead
<hr/> Burden	3.7%	1991	Other Direct Costs

VII. SUBSTANTIAL INVOLVEMENT UNDERSTANDINGS

Insofar as A.I.D. would like to maintain substantive involvement in the implementation of this Project, USAID/Dominican Republic has selected to undertake this activity using a Cooperative Agreement. The nature of this substantive involvement is provided below:

A. USAID would like to ensure that the selected organization not only has experience in planning and implementing projects in the area of democratic initiatives and policy implementation, but also that it has the experience and staff to function effectively in Spanish speaking and reading fluency for successful work in the Dominican Republic; therefore, USAID insists that consultants working on project activities in the Dominican Republic speak and read Spanish at least at the FSI S-3, R-3 levels. English speaking and reading fluency is also required.

B. During the initial planning of all project activities, USAID/Dominican Republic will provide guidance regarding the implementation of project components, as well as regarding critical relations that must be maintained with public and private sector organizations.

C. The quality of personnel proposed is considered critical to the success of the project. USAID will, therefore, approve in writing all team members. If a particular individual is not approved by USAID, the organization will be required to provide an acceptable replacement. Substitution of approved personnel is not permitted unless approved in writing by USAID and only when an acceptable replacement is provided.

D. The SRI design team is required to consult with USAID/DR on a regular basis in order to ensure that the design progress proceeds in accordance with the project's purposes and objectives.

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E. USAID/DR initiated formation of a Dominican Consultative Group during PID development consisting of a broad cross section of Dominican economists and other interested persons. It is expected that the group already formed by USAID will continue to have substantive involvement in an advisory capacity during the entire period of project development and design. USAID retains the right to coordinate the activities of its Dominican Consultative Group and will arrange appropriate interface with the SRI design team.

VIII. SPECIAL PROVISIONS

A. TITLE TO AND USE OF PROPERTY

Standards provisions related to title to and use of property are included in Attachment 3, Optional Standard Provisions: "Title to and Use of Property (Grantee Title)" (November 1985).

B. RELATIONSHIP AND RESPONSIBILITIES

The recipient will work under the general direction of the USAID Director and/or his designee. The Policy and Democratic Initiative Office has the overall responsibility for this project. The individuals in that Division who are the A.I.D. liaison officials are Kenneth Beasley and Manuel Ortega.

C. ADVANCE AGREEMENT REGARDING INDIRECT RATES

Due to the uncertainty of the Recipient's indirect rates at this time, provisional indirect rates established in the Agreement will be subject to review by the Agreement Officer by no later than the end of the Agreement. Based on this review, the provisional indirect rates and total estimated cost of the Agreement will be subject to downward adjustment only.

IX. STANDARD PROVISIONS

The Mandatory Standard Provisions applicable to this Cooperative Agreement, and the Optional Standard Provisions which may apply, subject to negotiations with the Recipient, are included as Attachment 3.

When the Standard Provisions are applicable to Cooperative Agreements, the following terms apply:

- "Grantee" means "Recipient"
- "Grant" means "Cooperative Agreement"
- "A.I.D. Grant Officer" means "A.I.D. Agreement Officer"
- "Subgrant" means "Sub-cooperative Agreement"
- "Subgrantee" means "Sub-recipient"

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PROGRAM DESCRIPTION

I. BACKGROUND

The Dominican Republic is an anomaly in the CBI region. With sea and sun, agricultural potential, an alert populace, close access to U.S. markets, and a society that prizes democracy and stability, this country is capable of broad-based, sustained prosperity. However, because of inadequate and unsustained economic policy implementation over the past decade, the country has experienced recurrent destabilization of macroeconomic financial structure, low economic growth and rising unemployment.

The current administration recognizes these problems, and in 1990 began implementation of a comprehensive economic reform program including monetary and fiscal measures, and structural reforms in the areas of banking, tariffs, and taxes. The current program if sustained should attract substantial donor support as well as qualify the country for the trade, debt relief, and financial assistance elements making up the U.S. "Enterprise for the Americas Initiative". The reforms are considered sound. The test ahead is one of sustained implementation of these policy improvements in an open, objective, and consistent manner.

Working against parallel targets of (a) popular understanding and participation in the processes of policy creation and execution, and (b) responsiveness and effectiveness of government institutions charged with carrying out the reform package, this Project will provide financing and technical assistance to private and public sector entities involved in the overall national economic policy development and implementation process. The Project is expected to run for up to five years, with an A.I.D. investment of up to \$6 million, which will finance advisory services to be procured from private sources and the operations of local private sector organizations.

The Agency for International Development (USAID) has approved a Project Identification Document (PID - Exhibit 1) to authorize the design of a project intended to improve the process of sustained economic policy implementation. USAID has decided to enter into a Cooperative Agreement with the Recipient in order to draft a Project Paper during the first phase of the Project, which will serve as the basis for the authorization of funds to cover the actual implementation.

II. OBJECTIVE

It is difficult to sustain support and interest, both public and political, for measures which have enormous long-term benefits but which are inconvenient and/or costly in the short term. Unless the policy framework put into effect last summer is continued, the Dominican Republic will remain on a growth path substantially lower than potential. The policy package is sound; its sustained implementation is a must. The problem this Project confronts is, simply put, that national economic policy improvements are not sustained. It is a problem with economic, political, and cultural ramifications.

The Project is intended to create an extended popular awareness of the purpose, content, and application of economic policies, and an institutional effectiveness in the policy development and --most importantly-- the policy implementation processes. The Project will lead to recognizable change on three fronts: formal economic policy improvements (laws and regulations reduced, debt restructuring and economic stabilization programs underway); improved information, debate, communications and appeals practices; and enhanced public and private sector policy analysis and communication capabilities. The results of all this will be a Governmental policy creation and application system that is recognized as open, responsive, and consistent; a populace that is informed, heard in the process and supports the system; and the network of U.S. and Dominican individuals and groups who participated in Project activities there to keep the pressure on after A.I.D. has departed.

III. SPECIFIC DUTIES

The Recipient will draft the Project Paper including the project design for project implementation. The project design will provide for technical assistance, training, and policy analysis to participants throughout the national economic policy implementation system. These participants will include, on the private sector side, individuals and groups within local academic, business, and local communities active in analysis, discussion, and dissemination of information and opinion about national economic matters. On the public sector side, assistance may be provided to offices with key roles in the implementation process. Typical modes of assistance will include studies, workshops, seminars, networking exercises, publications and media reports; and limited short-term specialized technical assistance to the Government in the review of policies already in effect, and in improving its institutional capabilities in policy development and execution.

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Information will flow in both directions between the government and the governed, with financing and technical assistance available on both sides. An expanding network of sources of technical assistance and training services may be formed by U.S. and Dominican universities, private groups and individuals, and consulting firms. The project design will describe how the project will be managed; in particular, it will spell out mechanisms for subcontracts and subgrants with Dominican and specialized organizations and consultants.

IV. LEVEL OF EFFORT: PHASE ONE

A. Timetable

The Project Paper will be developed over two months in two steps:

1. October/November - Design

This step will address:

- a. The policy setting: actual implementation principles and practices;
- b. The policy implementation: problems/contraints.
- c. Specific policies to be targeted;
- d. The range of possible interventions;
- e. The players: private groups, firms, individuals, suppliers of TA and training; and
- f. A specific list of interventions for execution during the first year, and the methodology and criteria for selection in subsequent years.

In sum, what to do? How? Why?

2. November/December - Appraisal

The various analyses and evaluations of proposed actions; spotting "land mines;" development of monitoring and evaluation systems.

In sum, will it work? What will the results be? Will they be worth it?

B. Personnel

The staffing for this exercise may include up to five members, although one individual might handle more than one task. Necessary expertise will include a Chief of Party (U.S.); an Economist (U.S.); a Social Anthropologist (U.S. or Dom.); a Institutional Specialist (U.S.); and a Financial Analysis (U.S.).

The Chief of Party will oversee the work of all advisors through most of the entire exercise.

C. Scopes of Work

1. Chief of Party - Public Policy Specialist

The implementation of economic policy is a political process.

Task

This advisor will contribute to all PP Sections, will draft Section 14, and edit the final product.

Methods

Review of background documents¹, interviews with USAID staff; interviews with Embassy ECON and POL; interviews with local sources; review of local media and official publications. Supervise and coordinate the contributions from other team members.

Products

Responsible for final project paper.

Timing

Phase I, four weeks; Phase 2, three or four weeks.

Qualifications

Advanced degree in PolSci or Government or Economics. Area experience, close knowledge of the Dominican Republic. Spanish 3/3. Familiar with A.I.D. requirements, restrictions, capabilities.

¹ "Background documents" to be reviewed by each Advisor include the current CDSS, the PID, and HB 3 (Project Paper), and the parts of HB 3C relating to his/her specialty.

2. Economist

The design of a project related to the implementation of economic policy requires an expert understanding of economic policies in developing countries and economic analysis of projects.

Task

This Advisor will contribute to PP Sections 3, 5, 7, 9, and 15, and will draft 16.

Methods

Review of background documents, interviews with USAID staff; interviews with Embassy ECON and POL; interviews with local sources; review of local media and official publications. The economic analysis will assess the impact of alternative policy regimes on investment, employment, trade and economic growth.

Products

The six PP Sections cited above.

Timing

Phase One, two weeks; Phase 2, two weeks.

Qualifications

Academic grounding and work experience in economic policy. Latin America area experience; knowledge of the economic situation of the Dominican Republic. Competent Spanish. Familiar with A.I.D. analytical requirements for Project Paper economic analysis.

3. Social Anthropologist

Local interest is the sine qua non of this Project. An expert understanding will be needed of attitudes and motivations on the popular and public office sides to identify sound interventions and appraise their cultural acceptability.

Task

This Advisor will contribute to PP Sections 7 and 9, and will draft 17.

Methods

Review of background documents, interviews with USAID staff; interviews with Embassy ECON and POL; interviews with Project Council and other local sources; review of local media and official publications. Collaboration with teammates.

Products

The three PP Sections cited above.

Timing

Phase One, two weeks; Phase Two, one week.

Qualifications

University level training. Residential Latin American experience. Close knowledge of the Dominican Republic. Spanish 3/3. Familiar with A.I.D. analytical requirements.

4. Financial Analyst

Cost effectiveness and recurrent cost analyses will test the financial efficiency of this "non-commercially operated" project. Will prepare detailed financial cash flow tables required for A.I.D Project Paper.

Task

This Advisor will contribute to Sections 4, 5, and 7, and will draft Section 15.

Methods

Review background documents, assist the Chief of Party in cost estimates as Project activity ideas surface, and analyze those activities to be included in Section 3.

Products

The four texts cited above.

Timing

Phase One, one week; Phase Two, two week.

Qualifications

Academic grounding in financial analysis. Work experience in developmental financial analysis. Thorough knowledge of A.I.D. practice in estimating costs and project financial controls, methods of payment, and projection methodologies.

5. Institutional Specialist

As Dominican private and public sector entities are proposed as participants in the Project their roles need to be clearly identified, and the likelihood that these entities and A.I.D. can meet their Project responsibilities should be examined. Must be creative and innovative in the context of A.I.D. financial control imperatives and minimum direct A.I.D. project management.

Task

This Advisor will contribute to Sections 5, 6, 7, and 9; and will draft Section 18.

Methods

Review background documents, examine the activities proposed in Section 3, investigate the condition and capabilities of participating Dominican entities, U.S. counterpart involvement, and the role of each.

Products

The five texts cited above.

Timing

Phase One, one week; Phase Two, two weeks.

Qualifications

A.I.D. experience in contracts and project administration. Working Spanish.

Summary of Assignments
Texts and Technicians

<u>PP Section</u>	<u>Contributing Advisor</u>
1. Project Data Sheet	Chief
2. Draft Authorization	Chief
3. Project Rationale and Description	Econ, Chief
4. Costs and Financial Plan	Chief, Fin.
5. Implementation Plan	Econ, Chief, Fin, Inst.
6. Monitoring Plan	Chief, Inst.
7. Summaries of Analyses	Chief, Ant, Econ, Fin, Inst.
8. Conditions	Chief
9. Evaluation Arrangements	Chief, Ant. Econ, Chief, Admin.
- Annexes:	
10. PID Approval	---
11. LogFram	Chief
12. Stat. Checklist	Chief
13. 611 Certifications	Chief
- Project Analyses:	
14. Technical	Chief
15. Financial	Fin
16. Economic	Econ
17. Social	Ant
18. Admin	Inst.

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