

PP-ABD-649

75277

Agency for International Development  
Washington, D.C. 20523

SEP 27 1991

Dr. Stanley Johnson  
Chairman  
Institute for Policy Reform  
1400 16th Street, NW  
Washington, DC 20036

Subject: Cooperative Agreement No. PDC-0095-A-00-1126-00

Dear Dr. Johnson:

Pursuant to the authority contained in the Foreign Assistance Act of 1961 and the Federal Grant and Cooperative Agreement Act of 1982, as amended, the Agency for International Development (hereinafter referred to as "A.I.D.") hereby provides to the Institute for Policy Reform hereinafter referred to as "IPR" or "Recipient") the sum set forth in Section 1C.2. of Attachment 1 of this Cooperative Agreement to provide financial support for the program described in Attachment 2 of this Cooperative Agreement entitled "Program Description."

This Cooperative Agreement is effective as of the date of this letter and funds obligated hereunder shall be used to reimburse the Recipient for allowable program expenditures for the period set forth in Section 1B. of Attachment 1 of this Cooperative Agreement.

The total estimated amount of this Cooperative Agreement is the amount set forth in Section 1C.1. of Attachment 1, of which the amount set forth in Section 1C.2. is hereby obligated. A.I.D. shall not be liable for reimbursing the Recipient for any costs in excess of the obligated amount. However, subject to Section 1C.4. of Attachment 1, additional funds may be obligated by A.I.D. until such time as the obligated amount may equal the total estimated amount of this Cooperative Agreement.

This Cooperative Agreement is made to the Recipient on the condition that the funds will be administered in accordance with the terms and conditions as set forth in the attachments listed under my signature below, which together constitute the entire Cooperative Agreement document and have been agreed to by your organization.

Please acknowledge receipt and acceptance of this Cooperative Agreement by signing all copies of this Cover Letter, retaining one copy for your files, and returning the remaining copies to the undersigned.

Sincerely yours,

*Edward H. Thomas*

Edward H. Thomas  
Grant Officer  
Central Operations Branch  
Office of Procurement

1

## Attachments:

1. Schedule
2. Program Description
3. Standard Provisions
4. Special Provision entitled "Restrictions on Lobbying"
5. A.I.D. Eligibility Rules (total procurement value > \$250K)

ACKNOWLEDGED for INSTITUTE FOR POLICY REFORM:

BY:           Lorraine W. Hulse          TYPED NAME:           Lorraine Hulse          TITLE:           ADMINISTRATOR          DATE:           September 27, 1991          FISCAL DATAA. GENERAL

- A.1. Total Estimated A.I.D. Amount: \$2,608,812  
A.2. Total Obligated A.I.D. Amount: \$ 630,000  
A.3. Cost-Sharing Amount (Non-Federal): \$ 0  
A.4. Other Contributions (Federal): \$ 0  
A.5. Project No.: 938-0095  
A.6. A.I.D. Project Office: PPC/EA, R. Siegel  
A.7. Funding Source: A.I.D./W  
A.8. Tax I.D. No.: 42-1356956  
A.9. DUNS No.: 78-307-1509  
A.10. LOC No.: 72-00-

B. SPECIFIC

- B.1.(a) PIO/T No.: 930-0095-1303205  
B.1.(b) Appropriation: 72-1111021.3  
B.1.(c) Allotment: 143-30-099-00-20-11  
B.1.(d) BPC: FDNA-91-13019-KG11  
B.1.(e) Amount: \$433,000
- B.2.(a) PIO/T No.: 930-0095-1304203  
B.2.(b) Appropriation: 72-1111021.4  
B.2.(c) Allotment: 144-30-099-00-20-01  
B.2.(d) BPC: FDPA-91-13019-KG11  
B.2.(e) Amount: \$60,000

B.3.(a) PID/T No.: 930-0095-1308204  
B.3.(b) Appropriation: 72-1111021.8  
B.3.(c) Allotment: 148-30-099-00-20-01  
B.3.(d) BPC: FDHA-91-13019-KG11  
B.3.(e) Amount: \$90,000

B.4.(a) PID/T No.: 930-0095-1306204  
B.4.(b) Appropriation: 72-1111021.6  
B.4.(c) Allotment: 146-30-099-00-20-01  
B.4.(d) BPC: FDSA-91-13019-KG11  
B.4.(e) Amount: \$47,000

ATTACHMENT 1

SCHEDULE

1A. PURPOSE OF COOPERATIVE AGREEMENT

The purpose of this Cooperative Agreement is to provide financial support for the program described in Attachment 2 of this Cooperative Agreement entitled "Program Description."

1B. PERIOD OF COOPERATIVE AGREEMENT

1B.1. The effective date of this Cooperative Agreement is the date of the Cover Letter and the estimated completion date is 24 months thereafter. Funds obligated hereunder (see Section 1C.2. below) shall be used to reimburse the Recipient for allowable program expenditures incurred by the Recipient in pursuit of program objectives at any time during the period beginning on the effective date of this Cooperative Agreement and ending on the estimated completion date.

1B.2. However, because this Cooperative Agreement is incrementally funded (see Section 1C.4. below), funds obligated hereunder are only anticipated to be sufficient for program expenditures through March 15, 1992.

1C. AMOUNT OF COOPERATIVE AGREEMENT AND PAYMENT

1C.1. The total estimated amount of this Cooperative Agreement for its full period, as set forth in Section 1B.1. above, is \$2,608,812.

1C.2. A.I.D. hereby obligates the amount of \$630,000 as partial funding of the total estimated amount set forth in Section 1C.1. above for program expenditures during the indicated period set forth in Section 1B. above. Notwithstanding said total estimated amount, A.I.D. shall not be liable for reimbursing the Recipient for any costs in excess of the obligated amount, except as specified in paragraph (f) of the Standard Provision of this Cooperative Agreement entitled "Revision of Grant Budget" (see also Section 1C.4. below).

1C.3. Payment shall be made to the Recipient in accordance with procedures set forth in the Standard Provision of this Cooperative Agreement entitled "Payment - Letter of Credit," as shown in Attachment 3.

1C.4. As indicated in Section 1C.2. above, this Cooperative Agreement is partially funded. Until such time as the obligated amount (see Section 1C.2. above) shall equal the total estimated amount (see Section 1C.1. above) of this Cooperative Agreement, additional increments of funds may be obligated by A.I.D. under this Cooperative Agreement (by a Cooperative Agreement modification), subject to availability of funds, possible evaluation of the program, program priorities at the time, and the requirements of the Standard Provisions of this Cooperative Agreement entitled "Revision of Grant Budget" and, if applicable (see Section 1M.2. for applicability) "Cost Sharing (Matching)," as set forth in Attachment 3.

#### 1D. COOPERATIVE AGREEMENT BUDGET

1D.1. The following is the Budget for the total estimated amount of this Cooperative Agreement (see Section 1C.1. above) for its full period (see Section 1B. above). The Recipient may not exceed the total estimated amount or the obligated amount of this Cooperative Agreement, whichever is less (see Sections 1C.1. and 1C.2., respectively, above). Except as specified in the Standard Provision of this Cooperative Agreement entitled "Revision of Grant Budget," as shown in Attachment 3, the Recipient may adjust line item amounts as may be reasonably necessary for the attainment of program objectives.

#### 1D.2. Budget

The budget is set forth in ATTACHMENT 1A dated September 25, 1991

1D.3. Inclusion of any cost in the budget of this Cooperative Agreement does not obviate the requirement for prior approval by the Agreement Officer of cost items designated as requiring prior approval by the applicable cost principles (see the Standard Provision of this Cooperative Agreement set forth in Attachment 3 entitled "Allowable Costs") and other terms and conditions of this Cooperative Agreement, unless specifically stated in Section 1I. below.

#### 1E. REPORTING

#### 1E.1. Financial Reporting

1E.1.(a) Financial reporting requirements shall be in accordance with the Standard Provision of this Cooperative Agreement entitled "Payment - Letter of Credit," as shown in Attachment 3.

5

1E.1.(b) All financial reports shall be submitted to A.I.D., Office of Financial Management, PFM/FM/CMPD/DCB, Room 700 SA-2, Washington, D.C. 20523-0209. In addition, three copies of all financial reports shall be submitted to the A.I.D. Project Office specified in the Cover Letter of this Cooperative Agreement, concurrently with submission of the Quarterly Technical Reports (See Section 1E.2. below).

1E.1.(c) The frequency of financial reporting and the due dates of reports shall be as specified in the Standard Provision of this Cooperative Agreement referred to in Section 1E.1.(a) above.

1E.2. Program Performance Planning and Reporting

1E.2.(a) Project Implementation Plan

Not later than sixty (60) days from the effective date of this Cooperative Agreement (see Section 1B. above), the Recipient shall prepare and submit to the A.I.D. Project Officer specified in the Cover Letter of this Cooperative Agreement five (5) copies of a project implementation plan, with critical path indicators (as described in Appendix 9A of A.I.D. Handbook 3), for the full term of this Cooperative Agreement. The critical path indicators shall include both A.I.D. and the Recipient's responsibilities.

1E.2.(b) Annual Workplans

1E.2.(b)(1) The Recipient shall submit annual workplans for this Cooperative Agreement. Each annual workplan shall contain the following:

1E.2.(b)(1)(A) An action-oriented workplan describing planned activities during the first year, delineated by calendar quarter, and linked to the project goals and objectives, which describes the individuals to be involved, the activities to be conducted, and where and when they will be conducted. Planned activities shall be grouped by subject category, and then related to project objectives;

1E.2.(b)(1)(B) A projected budget, utilizing the same budget line items as are set forth in the budget of this Cooperative Agreement, for each calendar quarter, corresponding to the workplan; and

1E.2.(b)(1)(C) Publications, reports, workshops, seminars, and other information dissemination activities planned, by calendar quarter.

1E.2.(b)(2) The Recipient shall develop the annual workplans in consultation with the A.I.D. Project Officer for this Cooperative Agreement.

1E.2.(b)(3) Five (5) copies of each annual workplan will be submitted to the designated A.I.D. Project Officer for this Cooperative Agreement and one copy submitted to the Agreement Officer. The annual workplan covering the next year of this Cooperative Agreement shall be submitted by the Recipient not later than forty-five (45) days prior to the annual anniversary date of this Cooperative Agreement (see Section 1B. above).

1E.2.(c) Quarterly Reports

The Recipient shall submit five (5) copies of brief quarterly program performance reports, which coincide with the financial reporting periods described in Section 1E.1. above, to the A.I.D. Project Office specified in the Cover Letter of this Cooperative Agreement. In addition, two copies shall be submitted to A.I.D., PPC/CDIE/DI, Washington, DC 20523-1802. These reports shall be submitted within 30 days following the end of the reporting period, and shall briefly present the following information:

1E.2.(c)(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 can be readily quantified, such quantitative data should be related to cost data for computation of unit costs.

1E.2.(c)(2) Reasons why established goals were not met, if applicable.

1E.2.(c)(3) Other pertinent information including the status of finances and expenditures and, when appropriate, analysis and explanation of cost overruns or high unit costs.

1E.2.(d) Special Reports

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

1E.2.(d)(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 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.

1E.2.(d)(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.

1E.2.(d)(3) If any performance review conducted by the Recipient discloses the need for change in the budget estimates in accordance with the criteria established in the Standard Provision of this Cooperative Agreement entitled "Revision of Grant Budget," the Recipient shall submit a request for budget revision to the Agreement Officer and the A.I.D. Project Officer specified in the Cover Letter of this Cooperative Agreement.

#### 1E.2.(e) Annual Activity Reports

Within fifteen (15) working days following the annual anniversary date of this Cooperative Agreement, the Recipient shall submit to the A.I.D. Project Office specified in the cover letter of this Cooperative Agreement five (5) copies of an annual progress report which will be a description of the past year's activities, including technical, scientific, managerial, and fiscal information. The report shall include, both for each field site or subcontractor/subrecipient individually and for project activities as a whole, a review of program and problems to date, and a discussion of technical and managerial issues significant to the success or failure of this Cooperative Agreement. The report will also address regulatory issues related to the project. Although principally a technical document, it nevertheless must include pertinent statistics or quantitative information regarding the project and its activities.

The Annual Activity Report shall also include an annual expenditure report corresponding to each annual workplan (see Section 1E.2.(b) above). These expenditure reports will cover A.I.D. and, if applicable, cost-sharing amounts by budget line item (see Section 1D.2. above) and by estimated distribution amongst project components, e.g., research, training, technical assistance, technology transfer, information dissemination, or networking.

The annual report shall be framed in terms of the evaluation criteria set forth in Section 1I.9 and shall include the following information:

- o accomplishments from the previous year;

- o a comparison of actual accomplishments with the goals established for the period in the applicable workplan;
- o the reasons why the goals were not met (if applicable); and,

#### 1E.2.(h) Trip Reports

Within 30 days following the completion of each international trip, the Recipient shall submit 3 copies of a trip report summarizing the accomplishments of the trip to the A.I.D. Project Officer specified in the cover letter of this Cooperative Agreement. If several individuals are travelling together to one site, a single report representing the group will suffice. The report shall include the purpose of the trip, technical observations, suggestions and recommendations, overall impressions of the site situation (if appropriate), and a list of persons visited with their title and organization affiliation.

#### 1E.2.(l) Final Report

Within thirty (30) days following the estimated completion date of this Cooperative Agreement (see Section 1B. above), the Recipient shall submit five (5) copies of a final report to the A.I.D. Project Office specified in the cover letter of this Cooperative Agreement. In addition, two copies shall be submitted to A.I.D., PPC/CDIE/DI, Washington, DC 20523-1802. It will cover the entire period of the Cooperative Agreement and include all information shown in Sections 1E.2.(b) through 1E.2.(f) above.

#### 1F. SUBSTANTIAL INVOLVEMENT UNDERSTANDINGS

It is understood and agreed that A.I.D. will be substantially involved during performance of this Cooperative Agreement as follows:

1F.1. Annual Workplan - The A.I.D. Project Officer will be consulted during the development of the annual workplans and have the right of final approval of all areas of the workplan where A.I.D. funds are included.

1F.2. Workplan Revisions - The A.I.D. Project Officer will be consulted and have the right of approval for revisions of the annual workplan which involves the use of A.I.D. funds.

1F.3. Field Visits - Pursuant to the standard provision of this Cooperative Agreement entitled "Air Travel and

Transportation," the A.I.D. Project Officer must provide advance approval of all international travel which involves the use of A.I.D. funds.

1F.4. Field Activities - The A.I.D. Project Officer will be involved in, and must approve, the selection of sites, methodologies and strategies to be used in field activities funded under this Cooperative Agreement.

1F.5. Consultants - The A.I.D. Project Officer must approve, in advance, the selection of consultants retained by the Recipient and reimbursed using A.I.D. funds.

1F.6. Conference Participants - Where A.I.D. funds are used, the A.I.D. Project Officer must approve, in advance, the selection of speakers associated with conference activities. A list of potential attendees will be provided the A.I.D. Project Officer.

1F.7. Senior Staff, Advisory Board and Board of Directors - The A.I.D. Project Office must consent, in advance, the selection of the individuals proposed for the Advisory Board and Board of Directors. The A.I.D. Project Officer must consent, in advance, the selection of the Executive Director and Administrator.

1F.8. Subcontracts and Subagreements - The A.I.D. Project Officer must approve, in advance, the terms of reference or scope of work of all subcontracts and subagreements awarded by the Recipient funded under this Agreement. If required by Paragraphs (b)(5) or (b)(6) of the Standard Provision entitled "Revision of Grant Budget," or the Standard Provision entitled "A.I.D. Eligibility Rules for Goods and Services," the Agreement Officer must approve subcontracts (see the Standard Provision entitled "Procurement of Goods and Services") and subagreements (see the Standard Provision entitled "Subagreements").

1F.9 Additional Program Support - Prior to consulting with other A.I.D. bureaus, offices or Missions regarding additional program support, the Recipient will notify the A.I.D. Project Officer. All requests for additional program support will be routed to the A.I.D. Project Officer for review and approval. The A.I.D. Project Officer will review the Recipient's application for additional program support, the A.I.D.'s office's proposed budget and program description. Once this review is completed, the A.I.D. Project Officer shall forward to the cognizant Grant Officer the entire package which was reviewed and his/her recommendation as to the applicable sections of the original program description being supported by the additional program description.

1F.10 Fellows Program - There will be turnover of a number of researchers under the Fellows Program on an annual basis to respond to A.I.D. policy changes.

1F.11 Minority Participation - The Recipient shall make every effort to include academics from historically black colleges and universities and other minority academics as senior, policy, and junior fellows and as members of the Advisory Board and Board of Directors.

1F.12 Board of Directors - The Recipient will expand the Board of Directors from three (3) to five (5) within twelve (12) months from the effective date of this agreement.

## 1G. PROCUREMENT AND (SUB)CONTRACTING

### 1G.1. Applicability

This Section 1G. applies to the procurement of goods and services by the Recipient (i.e., contracts, purchase orders, etc.) from a supplier of goods and services (see the Standard Provisions of this Cooperative Agreement entitled "Procurement of Goods and Services" and "AID Eligibility Rules for Goods and Services"), and not to assistance provided by the Recipient (i.e., a [sub]grant or subagreement) to a subrecipient (see the Standard Provision of this Cooperative Agreement entitled "Subagreements").

### 1G.2. Requirements

In addition to other applicable provisions of this Cooperative Agreement, the Recipient shall comply with paragraph (b)(2) of the Standard Provision of this Cooperative Agreement entitled "AID Eligibility Rules for Goods and Services," concerning total procurement value of more than \$250,000 under this Cooperative Agreement. Further thereto, the following is (are) the Authorized Geographic Code(s):

#### 1G.2.(a) Authorized Geographic Codes

##### 1G.2.(a)(1) Source, Origin, and Componentry of Goods and Commodities

##### 1G.2.(a)(1)(A) Source, Origin, and Componentry

Except as specified in Sections 1G.2.(a)(1)(B) and 1G.2.(a)(1)(D) below, all goods/commodities shall have their source and origin in the United States of America, and shall meet A.I.D.'s componentry requirements, except as the Agreement

11

Officer may otherwise agree in writing (see also Section 1G.2.[a][4] below).

1G.2.(a)(1)(B) Exception for Purchase/Procurement Transactions not Exceeding \$5,000

If the proposed purchase/procurement transaction does not exceed \$5,000 excluding transportation costs, paragraph (b)(1) of the Standard Provision of this Cooperative Agreement entitled "AID Eligibility Rules for Goods and Services" shall apply in lieu of Section 1G.2.(a)(1)(A) above.

1G.2.(a)(1)(C) Local Cost Financing

If, pursuant to Sections 1G.2.(a)(1)(A) or 1G.2.(a)(1)(B) above, the cooperating country is authorized for source and origin purposes, the Standard Provision of this Cooperative Agreement entitled "Local Cost Financing" will apply. Pursuant to said Standard Provision, indigenous goods and imported shelf items provided by local suppliers are eligible for local cost financing in quantities up to the total estimated cost of this Cooperative Agreement, subject to the restrictions stated in said Standard Provision, and Chapter 18 of Supplement B to A.I.D. Handbook 1, which, as may from time to time be amended, is incorporated herein as a part of this Cooperative Agreement by reference.

1G.2.(a)(1)(D) Restricted Goods

Notwithstanding the foregoing, the restricted goods listed in paragraph (a)(3) of the Standard Provision of this Cooperative Agreement entitled "AID Eligibility Rules for Goods and Services," and, if applicable (see Section 1G.2.[a][1][C] above or Section 1M. below for applicability), paragraph (e) of the Standard Provision entitled "Local Cost Financing," must be specifically approved by the Agreement Officer, except to the extent that such approval may be provided in Section 1I. below.

1G.2.(a)(2) Eligibility of Commodity-Related Services

1G.2.(a)(2)(A) Ocean Transportation

The eligibility of ocean transportation services is determined by the flag registry of the vessel. Notwithstanding the Standard Provision of this Cooperative Agreement entitled "Ocean Shipment of Goods," ocean shipping financed hereunder shall, except as the Agreement Officer may otherwise agree in writing, be financed only on flag vessels of the United States (A.I.D. Geographic Code 000). If the Agreement Officer approves the use of non-U.S. flag vessels, the Standard

Provision of this Cooperative Agreement entitled "Ocean Shipment of Goods" will apply. Notwithstanding any of the foregoing, commodities shipped by a transportation medium owned, operated, or under the control of any country not included in A.I.D. Geographic Code 935 (see Section 1G.2.(a)(4)(B) below) are ineligible for A.I.D. financing hereunder, regardless of whether such transportation costs are financed hereunder. Moreover, commodities are ineligible for A.I.D. financing hereunder if shipped on a vessel which A.I.D. has designated as ineligible, regardless of whether such transportation costs are financed hereunder. Commodities are also ineligible for A.I.D. financing hereunder if shipped under an ocean charter that has not received prior approval of the Agreement Officer, regardless of whether such transportation costs are financed hereunder.

1G.2.(a)(2)(B) Dead Freight

Transportation costs attributable to dead freight are not eligible for A.I.D. financing.

1G.2.(a)(2)(C) Despatch and Demurrage

If the Recipient finances the delivery costs beyond the port of loading, the Recipient must refund to A.I.D. all despatch earned at the port of unloading. Demurrage costs are ineligible for A.I.D. financing.

1G.2.(a)(2)(D) Air Transportation

The eligibility of air travel and transportation services is determined by the flag registry of the aircraft. The Standard Provision of this Cooperative Agreement entitled "Air Travel and Transportation" applies. Commodities are ineligible for A.I.D. financing hereunder if shipped under an air charter that has not received prior approval of the Agreement Officer, regardless of whether such transportation costs are financed hereunder.

1G.2.(a)(2)(E) Marine Insurance

The Authorized Geographic Code for marine insurance is the same as is set forth in Section 1G.2.(a)(3)(B) below. Paragraph (c) of the Standard Provision of this Cooperative Agreement entitled "AID Eligibility Rules for Goods and Services" applies. If the Cooperating Country is authorized for the placement of marine insurance but discriminates against any marine insurance company authorized to do business in any state of the United States, failure to insure all A.I.D.-financed commodities with U.S. insurance companies shall render the commodities ineligible for A.I.D. financing hereunder.

12

**1G.2.(a)(2)(F)      Other Delivery Services**

No special eligibility requirements pertain to other delivery services (such as export packing, loading, commodity inspection services, and services of a freight forwarder) except that citizens or firms of any country not included in Geographic Code 935 (see Section 1G.2.[a][4][B] below) are ineligible as suppliers of delivery services, and non-U.S. citizens lawfully admitted for permanent residence in the U.S. are eligible regardless of their citizenship.

**1G.2.(a)(2)(G)      Incidental Services**

Incidental services are defined as installation or erection of A.I.D.-financed equipment or the training of personnel in the maintenance, operation, and use of such equipment. No special eligibility requirements pertain to incidental services except that citizens or firms of any country not included in Geographic Code 935 (see Section 1G.2.[a][4][B] below) are ineligible as suppliers of incidental services, and non-U.S. citizens lawfully admitted for permanent residence in the U.S. are eligible regardless of their citizenship.

**1G.2.(a)(2)(H)      Local Cost Financing**

If, pursuant to this Section 1G.2.(a)(2), the cooperating country is authorized for commodity-related services, the Standard Provision of this Cooperative Agreement entitled "Local Cost Financing" will apply. Pursuant to said Standard Provision, services provided by local suppliers are eligible for local cost financing in quantities up to the total estimated cost of this Cooperative Agreement, subject to the restrictions stated in said Standard Provision, and Chapter 18 of Supplement B to A.I.D. Handbook 1, which, as may from time to time be amended, is incorporated herein as a part of this Cooperative Agreement by reference.

**1G.2.(a)(3)      Nationality of Supplier****1G.2.(a)(3)(A)      Suppliers of Goods and Commodities**

Except as specified in Section 1G.2.(a)(3)(C) below, the suppliers of goods and commodities shall have their nationality in the United States of America, except as the Agreement Officer may otherwise agree in writing.

**1G.2.(a)(3)(B)      Suppliers of Services (Other Than  
Commodity-Related Services)**

Except as specified in Section 1G.2.(a)(3)(C) below, the

suppliers of services (other than commodity-related services, as described in Section 16.2.[a][2] above) shall have their nationality in the United States of America, except as the Agreement Officer may otherwise agree in writing.

16.2.(a)(3)(C) Government Owned Organizations

Notwithstanding the foregoing, a Government Owned Organization, i.e., a firm operated as a commercial company or other organizations (including nonprofit organizations other than public educational institutions) which are wholly or partially owned by governments or agencies thereof, are not eligible as suppliers of goods and commodities, commodity-related services, or services (other than commodity-related services), except as the Agreement Officer may otherwise agree in writing.

16.2.(a)(3)(D) Local Cost Financing

If, pursuant to this Section 16.2.(a)(3), the cooperating country is authorized for supplier nationality purposes, the Standard Provision of this Cooperative Agreement entitled "Local Cost Financing" will apply. Pursuant to said Standard Provision, local suppliers are eligible for local cost financing of indigenous goods, imported shelf items, and services in quantities up to the total estimated cost of this Cooperative Agreement, subject to the restrictions stated in said Standard Provision, and Chapter 18 of Supplement B to A.I.D. Handbook 1, which, as may from time to time be amended, is incorporated herein as a part of this Cooperative Agreement by reference.

16.2.(a)(4) Definitions

16.2.(a)(4)(A) Source, Origin, Componentry, and Nationality of Supplier

Source, origin, componentry requirements, and supplier nationality are defined in Chapter 5 of A.I.D. Handbook 1, Supplement B, which, as may be amended from time to time, is incorporated herein as a part of this Cooperative Agreement by reference (see also Attachment 5 of this Cooperative Agreement which reflects the substance of Chapter 5 of A.I.D. Handbook 1, Supplement B as of the effective date of this Cooperative Agreement).

16.2.(a)(4)(B) A.I.D. Geographic Codes

A.I.D. Geographic Codes are defined in Appendix D of A.I.D. Handbook 1B, which, as may be amended from time to time, is incorporated herein as a part of this Cooperative Agreement by

reference (see also Attachment 5 of this Cooperative Agreement which reflects the substance of Appendix D of A.I.D. Handbook 18 as of the effective date of this Cooperative Agreement).

1G.3. Approvals

Inclusion of costs in the budget of this Cooperative Agreement for the purchase of nonexpendable equipment obviates neither the requirement of Section J.13. of OMB Circular A-21 (for educational institutions) or Section 13 of Attachment B of OMB Circular A-122 (for nonprofit organizations other than educational institutions) for prior approval of such purchases by the Agreement Officer, nor any other terms and conditions of this Cooperative Agreement, unless specifically stated in Section 1I. below.

1G.4. Title to Property

Title to property acquired hereunder shall vest in the Recipient, subject to the requirements of the Standard Provision of this Cooperative Agreement entitled "Title To and Use of Property (Grantee Title)" regarding use, accountability, and disposition of such property, except to the extent that disposition of property may be specified in Section 1I. below.

1H. INDIRECT COST RATES

1H.1. Pursuant to the Standard Provision of this Cooperative Agreement entitled "Negotiated Indirect Cost Rates - Provisional" and, if applicable (see Section 1M.2. below), "Negotiated Indirect Cost Rates - Predetermined," an indirect cost rate or rates shall be established for each of the Recipient's accounting periods which apply to this Cooperative Agreement. Payments on account of allowable indirect costs shall be made on the basis of final or predetermined indirect cost rates for each accounting period which applies to this Cooperative Agreement, but not in excess of the following ceiling rate(s) applied to the base(s) which is (are) set forth below. Any indirect costs above the ceiling rate(s) shall be absorbed by the Recipient and considered cost sharing.

<u>Type</u>	<u>Rate</u>	<u>Base</u>
Indirect Cost Factor		<u>1/</u>
Period		
10/01/91-09/30/92	39.77%	
10/01/92-09/30/93	37.00%	

1/ Base of Application: Total direct costs

1/6

11. SPECIAL PROVISIONS

11.1. Limitations on Reimbursement of Costs of Compensation for Personal Services and Professional Service Costs

11.1.(a) Employee Salaries

Except as the Agreement Officer may otherwise agree in writing, A.I.D. shall not be liable for reimbursing the Recipient for any costs allocable to the salary portion of direct compensation paid by the Recipient to its employees for personal services which exceed the highest salary level for a Foreign Service Officer, Class 1 (FS-1), as periodically amended.

11.1.(b) Consultant Fees

Compensation for consultants retained by the Recipient hereunder shall not exceed, without specific approval of the rate by the Agreement Officer: either the highest rate of annual compensation received by the consultant during any full year of the immediately preceding three years; or the maximum rate of a Foreign Service Officer, Class 1 (FS-1) (as periodically amended), whichever is less. A daily rate is derived by dividing the annual compensation by 2,087 and multiplying the result by 8.

11.2. Publications

11.2.(a) The Recipient agrees to provide one copy of the manuscript of any proposed publication to the A.I.D. Project Officer not later than submission to the publisher, and to give serious consideration to any comments received from the A.I.D. Project Officer.

11.2.(b) In the case of publication of any of the reports described in Section 1E.2. of this Cooperative Agreement, A.I.D. reserves the right to disclaim endorsement of the opinions expressed. For other publications, A.I.D. reserves the right to dissociate itself from sponsorship or publication. In both cases, the Recipient will consult with the A.I.D. Project Officer as to the nature and extent of any A.I.D. disclaimer of endorsement or dissociation from sponsorship or publication.

11.2.(c) If A.I.D. does not choose to disclaim endorsement or dissociate itself from sponsorship or publication, the Recipient shall, in accordance with the Standard Provision of this Cooperative Agreement entitled "Publications," acknowledge A.I.D. support as follows:

"This publication was made possible through support provided by the Office of \_\_\_\_\_, Bureau for \_\_\_\_\_, U.S. Agency for International Development, under Cooperative Agreement No. PDC- \_\_\_\_\_ -A-00- \_\_\_\_\_ -00."

1I.2.(d) In addition to providing one copy of all published works and lists of other written work produced under this Cooperative Agreement to the A.I.D. Project Officer, as required by paragraph (b) of the Standard Provision of this Cooperative Agreement entitled "Publications," the Recipient shall also provide two copies of such publications and lists to A.I.D., PPC/CDIE/DI, Washington, D.C. 20523-1802.

#### 1I.4. Equipment Purchases

##### 1I.4.(a) Requirement for Prior Approval

Pursuant to Sections 1D.3. and 1G.3. above and the Standard Provisions of this Cooperative Agreement entitled "Allowable Costs" and "Revision of Grant Budget," and by extension, Section 13 of Attachment B of OMB Circular A-122, the Recipient must obtain A.I.D. Agreement Officer approval for purchases of the following:

1I.4.(a)(1) General Purpose Equipment, which is defined as an article of nonexpendable tangible personal property which is usable for other than research, medical, scientific or technical activities, whether or not special modifications are needed to make them suitable for a particular purpose (e.g., office equipment and furnishings, air conditioning equipment, reproduction and printing equipment, motor vehicles, and automatic data processing equipment), having a useful life of more than two years and an acquisition cost of \$500 or more per unit); and

1I.4.(a)(2) Special Purpose Equipment, which is defined as an article of nonexpendable tangible personal property, which is used only for research, medical, scientific, or technical activities (e.g., microscopes, x-ray machines, surgical instruments, and spectrometers), and which has a useful life of more than two years and an acquisition cost of \$1,000 or more per unit).

##### 1I.4.(b) Approvals

In furtherance of the foregoing, the Agreement Officer does hereby provide approval for the following purchases, which shall not be construed as authorization to exceed the total estimated amount or the obligated amount of this Cooperative Agreement, whichever is less (see Section 1C. above):

12

Postage and weighting machine	Photocopy machine
Personnel computer and printer (3)	File cabinets (3)
Supply cabinets (2)	Bookcases (4)

#### 1I.4(c) Exception for Automation Equipment

Any approval for the purchase of automation equipment which may be provided in Section 1I.4.(b) above or subsequently provided by the Agreement Officer is not valid if the total cost of purchases of automation equipment (e.g., computers, word processors, etc.), software, or related services made hereunder will exceed \$100,000. The Recipient must, under such circumstances, obtain the approval of the Agreement Officer for the total planned system of any automation equipment, software, or related services.

#### 1I.4.(d) Compliance with A.I.D. Eligibility Rules

Any approvals provided in Section 1I.4.(b) above or subsequently provided by the Agreement Officer shall not serve to waive the A.I.D. eligibility rules described in Section 1G. of this Cooperative Agreement, unless specifically stated.

#### 1I.5. Restricted Goods

Pursuant to Section 1G. above, paragraph (a)(3) of the Standard Provisions of this Cooperative Agreement entitled "AID Eligibility Rules for Goods and Services," and, if applicable (see Section 1M. below for applicability), paragraph (e) of the Standard Provision of this Cooperative Agreement entitled "Local Cost Financing," the Agreement Officer's approval is required for purchase of the restricted goods described therein. In furtherance thereof, the Agreement Officer does hereby provide such approval to the extent set forth below. The Agreement Officer's approval is required for purchases of such restricted goods if all of the conditions set forth below are not met by the Recipient. Any approval provided below or subsequently provided by the Agreement Officer shall not serve to waive any terms and conditions of this Cooperative Agreement unless specifically stated.

#### 1I.5.(a) Agricultural Commodities

Agricultural commodities may be purchased provided that they are of U.S. source (generally, the country from which the commodities are shipped) and origin (generally, the country in which the commodities are mined, grown, or produced) and purchased from a U.S. supplier, except that wheat, rice, corn, soybeans, sorghums, flour, meal, beans, peas, tobacco, hides and skins, cotton, vegetable oils, and animal fats and oils cannot be purchased under any circumstances without the prior

written approval of the Agreement Officer.

1I.5.(b) Motor Vehicles

Motor vehicles, if approved for purchase under Section 1I.4.(b) above or subsequently approved by the Agreement Officer, must be of U.S. manufacture and must be of at least 51% U.S. componentry. The origin of the motor vehicles, and the nationality of the supplier of the vehicles, must be in accordance with Section 1G.2. above. Motor vehicles are defined as self-propelled vehicles with passenger carriage capacity, such as highway trucks, passenger cars and busses, motorcycles, scooters, motorized bicycles, and utility vehicles. Excluded from this definition are industrial vehicles for materials handling and earthmoving, such as lift trucks, tractors, graders, scrapers, and off-the-highway trucks.

1I.5.(c) Pharmaceuticals

Pharmaceuticals may be purchased provided that all of the following conditions are met: (1) the pharmaceuticals must be safe and efficacious; (2) the pharmaceuticals must be of U.S. source and origin (see Section 1G. above); (3) the pharmaceuticals must be of at least 51% U.S. componentry (see Section 1G. above); (4) the pharmaceuticals must be purchased from a supplier whose nationality is in the U.S. (see Section 1G. above); (5) the pharmaceuticals must be in compliance with U.S. Food and Drug Administration (FDA) (or other controlling U.S. authority) regulations governing United States interstate shipment of pharmaceuticals; (6) the manufacturer of the pharmaceuticals must not infringe on U.S. patents; and (7) the pharmaceuticals must be competitively procured in accordance with the procurement policies and procedures of the Recipient and the Standard Provision of this Cooperative Agreement entitled "Procurement of Goods and Services."

1I.5.(d) Pesticides

Pesticides may only be purchased if the purchase and/or use of such pesticides is for research or limited field evaluation by or under the supervision of project personnel. Pesticides are defined as substances or mixtures of substances: intended for preventing, destroying, repelling, or mitigating any unwanted insects, rodents, nematodes, fungi, weeds, and other forms of plant or animal life or viruses, bacteria, or other micro-organisms (except viruses, bacteria, or other micro-organisms on or living in man or other living animals); or intended for use as a plant regulator, defoliant, or dessicant.

20'

1I.5.(e) Rubber Compounding Chemicals and Plasticizers

Rubber compounding chemicals and plasticizers may only be purchased with the prior written approval of the Agreement Officer.

1I.5.(f) Used Equipment

Used equipment may only be purchased with the prior written approval of the Agreement Officer.

1I.5.(g) Fertilizer

Fertilizer may be purchased if it is either purchased in the U.S. and used in the U.S., or if it is purchased in the cooperating country with local currency for use in the cooperating country. Any fertilizer purchases which do not comply with these limitations must be approved in advance by the Agreement Officer.

1I.6. Limitation on Use of Funds

1I.6.(a) The Recipient shall not utilize funds provided by A.I.D. for any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference or training in connection with the growth or production in countries other than the United States of an agricultural commodity for export which would compete with a similar commodity grown or produced in the United States.

1I.6.(b) The reports described in Section 1E.2. shall contain a statement indicating the projects or activities to which United States funds have been attributed, together with a brief description of the activities adequate to show that United States funds have not been used for the purpose in Section 1I.6.(a) above.

1I.6.(c) The Recipient agrees to refund to A.I.D. upon request an amount equal to any United States funds used for the purposes prohibited by Section 1I.6.(a) above.

1I.6.(d) No funds provided by A.I.D. under this Cooperative Agreement shall be used to provide assistance, either directly or indirectly, to any country ineligible to receive assistance to the Foreign Assistance Act as amended, related appropriations acts, other statutes and Executive Orders of the United States (also see the Standard Provision of this Cooperative Agreement entitled "Ineligible Countries").

21

1I.7. Defense Base Act (DBA) and/or Medical Evacuation Insurance

Pursuant to Section J.16. of OMB Circular A-21 (for educational institutions) or Section 18 of Attachment B of OMB Circular A-122 (for nonprofit organizations other than educational institutions), the Recipient is authorized to purchase DBA and/or medical evacuation insurance under this Cooperative Agreement. If DBA insurance is purchased, it shall be purchased from the insurance company or agent with which A.I.D. has a contract to provide DBA insurance for A.I.D. contracts. The Agreement Officer will provide the name, address, and telephone number of such insurance company or agent upon request.

1I.8. Disposition of Property

With reference to Sections 1G.4. and 1I.4.(b) above, disposition of nonexpendable property acquired hereunder shall be as follows:

Disposition instructions will be issued 60 days prior to the expiration of this agreement.

1I.9 PROGRAM EVALUATION

1I.9(a) Evaluation

In October 1992, A.I.D. will initiate a program evaluation which will serve as a basis for a decision on subsequent funding of the cooperative agreement. The IPR program, as noted above, is designed to undertake research in areas that respond to A.I.D.'s policy reform initiatives and improve its capacity to design policy reform strategies. There are at least five dimensions of IPR's program that can be evaluated.

1. Responsiveness of the research agenda and the specific research topics of the "Fellows" to A.I.D.s policy reform programs and applied research needs. Setting the research agenda and defining the research topics should be a collaborative process between the A.I.D. economics community and the IPR.

2. Timeliness of research. The IPR is expected to establish a tracking system to measure the progress on the activities in the annual work plan. Project implementation benchmarks will be established to track the progress of the activities to ensure that they are completed on schedule.

221

3. Selection of "Fellows" competitively. The IPR is expected to develop procedures to foster competition for research fellowships. Provisions should also be made to encourage research proposals from HBCU's and other minority academic institutions. Turnover of fellows should be considered normal in response to the changing emphases in A.I.D.'s research agenda and the quality of the proposals submitted in response to a competitive selection process for all groups of fellows.

4. Quality of the research projects. The outputs of the fellows programs will be in the form of research papers, seminars, workshops, and conferences. Research papers should conform to the agreed upon IPR research agenda, be understandable to the A.I.D. economics community and individuals in the policy disciplines, and be suitable (with reasonable modifications) for publication in the top journals of the policy disciplines.

5. IPR's evaluation procedures. IPR has specified a set of evaluation procedures in the proposal. The results will be reported to A.I.D. and used in the evaluation of the cooperative agreement.

The evaluation shall also address the Recipient's contribution to policy. Any evaluation will discuss the following:

- o Did the research improve the information base on the design of policy reform strategies, expand the concepts of institutional reform, or change perceptions on the ways that the institutional framework promotes or suppresses the efficient allocation of resources?
- o Did the research lead to the development of new and innovative approaches in the way A.I.D. works with LDCs on policy reform packages and institutional change?

#### 1I.9(b) Evaluation Team

The evaluation team should include (at a minimum) representatives of IPR, A.I.D., and at least one member external to A.I.D. or IPR. The evaluation plan should include either survey questionnaire and/or on-site interviews.

#### 1J. RESOLUTION OF CONFLICTS

Conflicts between any of the Attachments of this Cooperative Agreement shall be resolved by applying the following

21

descending order of precedence:

- Attachment 1 - Schedule
- Attachment 3 - Standard Provisions
- Attachment 4 - Special Provision entitled "Restrictions on Lobbying"
- Attachment 5 - A.I.D. Eligibility Rules
- Attachment 2 - Program Description

1K. Closeout Procedures (OMB Circular A-110, Attachment K):

This clause prescribes uniform closeout procedures for A.I.D. grants and cooperative agreements with recipients.

1K.1. The following definitions shall apply for the purpose of this clause.

- a. Closeout. The closeout of a grant or cooperative agreement is the process by which A.I.D. determines that all applicable administrative actions and all required work of the grant or cooperative agreement have been completed by the Recipient and A.I.D.
- b. Date of completion. The date of completion is the date on which all work under grants and cooperative agreements is completed or the date on the award document, or any supplement or amendment thereto, on which A.I.D. sponsorship ends.
- c. Disallowed Costs. Disallowed costs are those charges to a grant or cooperative agreement that A.I.D. or its representative determines to be unallowable, in accordance with the applicable Federal cost principles.

1K.2. A.I.D. closeout procedures include the following requirements:

- a. Upon request, A.I.D. shall make prompt payments to a recipient for allowable reimbursable costs under the grant or cooperative agreement being closed out.
- b. The recipient shall immediately refund any balance of unobligated (unencumbered) cash that A.I.D. has advanced or paid and that is not authorized to be retained by the recipient for use in other grants or cooperative agreements.
- c. A.I.D. shall obtain from the recipient within 90 calendar days after the date of completion of the grant or cooperative agreement all financial, performance, and other

-24

reports required as the condition of the grant or cooperative agreement. A.I.D. may grant extensions when requested by the recipient.

d. When authorized by the grant or cooperative agreement, A.I.D. shall make a settlement for any upward or downward adjustments to A.I.D.'s share of costs after these reports are received.

e. The recipient shall account for any property acquired with A.I.D. funds, or received from the Government in accordance with the provisions of OMB Circular A-110, Attachment N, entitled "Property Management Standards."

f. In the event a final audit has not been performed prior to the closeout of the grant or cooperative agreement, A.I.D. shall retain the right to recover an appropriate amount after fully considering the recommendations on questioned costs resulting from the final audit.

#### 1M. STANDARD PROVISIONS

The Standard Provisions set forth as Attachment 3 of this Cooperative Agreement consist of the following Standard Provisions denoted by an "X" which are attached hereto and made a part of this Cooperative Agreement:

##### 1M.1. Mandatory Standard Provisions For U.S., Nongovernmental Grantees

- ( X ) Allowable Costs (November 1985)
- ( X ) Accounting, Audit, and Records (September 1990)
- ( X ) Refunds (September 1990)
- ( X ) Revision of Grant Budget (November 1985)
- ( X ) Termination and Suspension (May 1986)
- ( X ) Disputes (November 1989)
- ( X ) Ineligible Countries (May 1986)
- ( X ) Debarment, Suspension, and Other Responsibility Matters (March 1989)
- ( X ) Nondiscrimination (May 1986)
- ( X ) U.S. Officials Not to Benefit (November 1985)
- ( X ) Nonliability (November 1985)
- ( X ) Amendment (November 1985)
- ( X ) Notices (November 1985)

##### 1M.2. Additional Standard Provisions For U.S., Nongovernmental Grantees

- ( X ) Payment - Letter of Credit (November 1985)

25

- ( ) Payment - Periodic Advance (January 1988)
- ( ) Payment - Cost Reimbursement (November 1985)
- ( X ) Air Travel and Transportation (November 1985)
- ( X ) Ocean Shipment of Goods (May 1986)
- ( X ) Procurement of Goods and Services (November 1985)
- ( X ) AID Eligibility Rules for Goods and Services (November 1985)
- ( X ) Subagreements (November 1985)
- ( ) Local Cost Financing (November 1988)
- ( X ) Patent Rights (November 1985)
- ( X ) Publications (November 1985)
- ( ) Negotiated Indirect Cost Rates - Predetermined (May 1986)
- ( X ) Negotiated Indirect Cost Rates - Provisional (May 1986)
- ( X ) Regulations Governing Employees (November 1985)
- ( ) Participant Training (May 1986)
- ( ) Voluntary Population Planning (August 1986)
- ( ) Protection of the Individual as a Research Subject (November 1985)
- ( ) Care of Laboratory Animals (November 1985)
- ( ) Government Furnished Excess Personal Property (November 1985)
- ( X ) Title To and Use of Property (Grantee Title) (November 1985)
- ( ) Title To and Care of Property (U.S. Government Title) (November 1985)
- ( ) Title To and Care of Property (Cooperating Country Title) (November 1985)
- ( ) Cost Sharing (Matching) (November 1985)
- ( ) Use of Pouch Facilities (November 1985)
- ( ) Conversion of United States Dollars to Local Currency (November 1985)

ATTACHMENT 1A  
 BUDGET  
 SEPTEMBER 25, 1991

<u>Cost Category</u>	<u>Year 1 Budget</u>	<u>Year 2 Budget</u>	<u>Total Budget</u>
Salaries & Fringe	\$ 133,500	\$ 159,705	\$ 293,205
Travel and Per Diem	\$ 97,720	\$ 115,500	\$ 213,220
Consultants/Fellows	\$ 600,000	\$ 675,000	\$1,275,000
Publications	\$ 30,000	\$ 50,000	\$ 80,000
Other Direct Costs	<u>\$ 20,000</u>	<u>\$ 5,000</u>	<u>\$ 25,000</u>
Total Direct Costs	\$ 881,220	\$1,005,205	\$1,886,425
Indirect Costs			
Year 1 @ 39.77%	\$ 350,461		
Year 2 @ 37.20%		\$ 371,926	
Total Indirects	<u>                    </u>	<u>                    </u>	<u>\$ 722,387</u>
TOTAL Estimated Project Cost	\$1,231,681	\$1,377,131	\$2,608,812
Total Project Cost:	\$2,608,812		
Total A.I.D. Commitment:	\$2,608,812		
Total A.I.D. Obligation:	\$ 630,000		

ATTACHMENT 2

PROGRAM DESCRIPTION

The Recipient's proposal entitled "Five Year Plan: 1991-1995, A Revised Proposal for the Core Research Program" dated June 19, 1991 is hereby incorporated by reference in its entirety and is made part of this Cooperative Agreement. In the even of any inconsistency between the Recipient's proposal and the Program Description described in the following pages, the later description shall take precedence.

28

## 2A. PURPOSE OF THE COOPERATIVE AGREEMENT

### 2A.1. Goal

The cooperative agreement with the Institute for Policy Reform (IPR) will augment the capacity of the Agency for International Development (A.I.D.) to design and support policy reforms that foster sustained development and growth in developing countries. The IPR will undertake research in the new and promising areas of institutional economics and political economy that go beyond the traditional boundaries of the policy disciplines. The research program will be directly supportive of A.I.D. policy reform initiatives emphasizing private competitive markets in pluralistic democratic societies.

### 2A.2. Research Activities

The purpose of the research is to enhance the conceptual foundations for policy reform and efficient transition processes to market-oriented economies. Research outputs will contribute to: more effective development assistance programs, improved design of policy-based projects, and better systems for monitoring performance and systematic evaluation of individual projects and programs. A.I.D. and the IPR will work together in setting the research agenda and focusing the research on mutually agreeable topics.

All research conducted in the cooperative agreement must be original in nature and not previously undertaken nor reimbursed elsewhere.

### 2A.3. Interaction with A.I.D.

Programs of the IPR will establish links between A.I.D. economists and other policy professionals and the academic community. Senior Research Fellows and Policy Fellows will work with A.I.D. economists and policy professionals in designing research projects that reflect A.I.D.'s current and anticipated priorities in policy reform and institutional development. A Junior Research Fellows program will attract to the economic development area promising young academics. The Institute's own research coordination program will synthesize research from the fellows and help shape the research agenda and topics. Conferences, workshops, and a publications program will provide for broad dissemination of research results and a structure for interaction of IPR researchers and A.I.D. policy professionals. These interactions will stimulate new ideas and broaden the understanding of the institutional frameworks for effective policy reform programs.

#### 2A.4. Duration of the Cooperative Agreement

The cooperative agreement is for two years. An evaluation will be initiated in October 1992. If the evaluation is favorable, the program may be extended.

### 2B. PROGRAM FUNCTIONS

#### 2B.1. Program Overview

The Institute for Policy Reform will operate four functional programs: a fellows program, an Institute research coordination program, a conference and workshop program, and a publications program. In addition, the Institute will maintain a management and administrative system that will support these program functions and assure that the terms of the cooperative agreement with A.I.D. are met. Each of these functional programs is described in more detail in the cooperative agreement proposal.

- a. A fellows program will be the main source of the new ideas on policy reform and the heart of the innovative research and educational programs of IPR.
- b. An Institute research coordination program will synthesize the fellows work, integrate the concepts and theories, and facilitate the communications between A.I.D. professionals and the academic community.
- c. A conference and workshop program will be used to establish mutual feedback between A.I.D. and the researchers, test and evaluate research, and communicate new ideas to A.I.D. and other development practitioners.
- d. A publications program (report series) will broadly disseminate fellows working papers, contributions from the Institute research program and a periodic newsletter.

#### 2B.2. Management and Administration

The IPR will be managed by a Board of Directors who will be responsible for establishing overall policy and for developing long-term objectives. The Advisory Board will play both proactive and reactive roles in advising the Board of Directors. An Executive Director will report to the Board of Directors and will be responsible for the day-to-day operations of the Institute. Descriptions of the responsibilities for the two boards and the executive staff, along with appointment procedures are provided in Appendices D,E,G, and H of the proposal.

## 2C. FIRST YEAR ACTIVITIES

The first year activities for the IPR are reviewed by program area.

### 2C.1 Fellows Program

There will be twenty (20) Senior Research Fellows, two (2) Policy Fellows and ten (10) Junior Research Fellows. Detailed responsibilities for these fellows, and the selection criteria are provided in Appendices C and J of the cooperative agreement proposal.

Research areas for the fellows program have been documented jointly with the A.I.D. Project Officer and in collaboration with representatives of other bureaus of A.I.D. Also, the research areas have been determined based on the experience of the IPR and A.I.D. to date under the CARD/A.I.D. cooperative agreement. Starting in Fiscal Year 1992, the research agenda will be developed according to the procedures specified in Section 2E of this agreement. The selection of fellows will be determined through competitive procedures developed by the IPR based on the process in Section 2E.

The Research Agenda for the first year work plan covers the following ten subject areas. More detailed descriptions are provided in the first year workplan.

- a. Democracy and Economic Systems Featuring Markets and Individual Incentives.
- b. Financial Balance and the Public Sector.
- c. Packaging of Reforms, Mixes of Policies and Institutions, and Reform Sequencing.
- d. Customizing Institutions and Environmental Problems in Evolving Political and Economic Systems.
- e. Safety Net Measures and Individual Risk During Reform Processes.
- f. Privatization, Legal Institutions, and Competitive Policy for Market Economies.
- g. Trade and Multinational Links Anticipated by Reforms and the Extranational Negotiation.
- h. Financial Intermediation and Private Credit Markets.
- i. Indicators of Policy Performance and Democratic Pluralism.
- j. Economic Growth and Environmental Sustainability.

## 2C.2. Institute Research Coordination Program

This program will be comparatively small and managed by the Executive Director and the Board of Directors. It will have synthesizing and coordinating functions. These activities will identify potential research areas consistent with A.I.D.'s program priorities to include in the annual research agenda and developing working papers that synthesize research findings. The program staff will consist of one economist, along with contributed time of the members of the Board of Directors that are involved. The specifics of the Institute research coordination program are provided below.

a. Synthesis. The working papers of the fellows will require integration and synthesis, and in some cases interpretation relative to A.I.D. policy priorities and issues. The Institute research coordination program will produce one report annually, synthesizing and integrating the fellows research. The objective will be to make the progress toward improving the conceptual foundations for policy reform and the empirical work apparent and accessible to policy practitioners. This report will be for use by A.I.D. and other practitioners who wish to have an overview of the research results, for determining fellows with which work might be initiated, working papers for reform or direct use in project and program planning and in other aspects of development assistance programming.

b. Coordination. The coordinating role of the Institute program will be less structured. An economist will be available at IPR to work directly with A.I.D. economists and professionals, serving as a link with the fellows. The objective is to lower the transactions cost for use of IPR research results in A.I.D. programming. Also, the IPR economist and research assistants may undertake specialized research projects with A.I.D. economists, elaborating and adapting the work of the fellows. The latter will be with the consent of the A.I.D. Project Officer.

## 2C.3. Conferences and Workshops

A series of conferences and workshops will be held to: obtain A.I.D. feedback on the quality and responsiveness of the research, test and evaluate research results, and communicate new ideas to A.I.D. and other development practitioners. This series will also assist in establishing the networking necessary to guide policy reform research at IPR to areas of high priority for A.I.D. and to link development professionals and practitioners with their counterparts in the academic community.

a. A.I.D. Workshop Series. These workshops will be held quarterly at AID\W, with three to five papers being presented. Topics of these workshops will reflect the research programs of the fellows and the Institute, and important timely policy reform topics at A.I.D. and in host countries. These workshops will have the objective of disseminating research results that have been developed by the fellows and fostering cooperation and working relationships with A.I.D. professionals. These workshops will be technical, with an emphasis on new research results, testing and evaluation, and joint exploration of research issues with A.I.D. economists and policy practitioners. Proposals for the workshops will be developed and approved by A.I.D. In part, requirements for the workshops will influence fellows selection and research projects. Proposed workshop topics include:

(1) Privatization and the Role of the Public and Private Sectors.

(2) Indicators of Economic, Political and Civil Liberties, and Growth and Stability.

(3) Financial Balance and the Sequencing of Policy Reforms.

(4) Environment, Sustainable Economic Growth and Policy Reform.

(5) Role of the legal, regulatory, and judicial system in promoting efficiency in resource allocation.

b. A.I.D. Brown Bag Seminars. This more informal series will be held, as scheduling permits, for A.I.D. personnel, and invited participants from the development community. Again the purpose will be to present research results from the Fellows and Institute programs for discussion and evaluation. Only one presentation will be made at these seminars.

c. A.I.D. Fall Economists Conference. The Institute for Policy Reform (IPR) has been invited by PPC/EA to participate in some of sessions of the 1991 Fall Economists Conference. Members of the Advisory Board of the IPR and the fellows will be invited to participate in sessions related to their research programs and/or the specific interests of the A.I.D. field or mission attendees. At present, the acting Executive Director will be responsible for negotiating the IPR's participation in this Fall Conference. IPR will use the conference to match the interests from the field with capabilities that exist in the current IPR research program. Areas suggested by the A.I.D. field staff will also be helpful in indicating directions that

the IPR should take in acquisition of new Senior Research Fellows, Policy Fellows, and Junior Research Fellows.

d. Conferences and Seminars (Regional add-ons). The IPR may hold conferences, seminars, or workshops at the request of the geographic bureaus or missions on topics of interest that are included in the annual research agenda. They will be a forum for presenting research results from the fellows program or from affiliated university centers for A.I.D. field staff, policy reform practitioners and professionals, and members of the private sector. The idea is to focus the conferences on cross-cutting and timely policy reform issues, bringing current research results to a forum in which issues and alternative actions can be evaluated and debated. These conferences will also support the ongoing policy reform dialogue in A.I.D. host countries. Funding for these meetings will be through add-ons to the core activity.

#### 2C.4. Publications.

The IPR publication program will assist in agenda-setting by leveraging the resources invested in the research programs through a series of working papers and a periodic newsletter. It will provide for serious professional review and evaluation of the research work of the fellows. This program will also allow wide dissemination of research results throughout the development community and especially to mission staff who cannot attend the conferences and workshops.

(a) Working Papers. Working papers will be produced by Senior Research Fellows, Policy Fellows, Junior Research Fellows, the Institute research coordination program. These working papers will be circulated on request and advertised in the newsletter. The idea is to make prepublished results available to those involved in policy reform. Also, the working papers will permit review and comment, albeit ad hoc, on the results of the research programs of IPR. Most of the working papers will later be published as articles in refereed professional journals.

(b) Newsletter. A quarterly newsletter will be published. This newsletter will be for broad consumption by practitioners, development professionals, researchers, and educators involved in policy reform. Practitioners and professionals will be invited to contribute pieces on policy reform issues and priorities and on their experiences in policy reform initiatives. The newsletter will also report activities of IPR, creating a broad sense of ownership and participation in the Institute for Policy Reform. The feature articles in the newsletter will be brief including mainly highlights of the research results or experiences, and as appropriate referencing the more detailed working papers or reports.

## 2D. ORGANIZATION AND MANAGEMENT

### 2D.1. Organization

The organizational structure for the Institute as it will operate in the first year is described in Figure I-1 of the proposal for the cooperative agreement. Included in the organization structure are: a Board of Directors, an Advisory Board, the Washington office staff and the General Counsel. There are two aspects to the management and administrative structure of the Institute for Policy Reform: program management to provide overall policy guidance related to the programs, and strategic positioning in developing and realizing the long-term objectives of the Institute, and administrative services to provide full-time effective support for the fellows, conferences and workshops, publications and Institute research program.

a. Board of Directors. The Board of Directors will be responsible for establishing overall policy for the Institute for Policy Reform, and for developing the long-term strategy and objectives of the Institute. There will be five Principals (moving from the existing three with the consent of A.I.D.) on the Board of Directors. The Board of Directors will meet in concert with the Advisory Board and will hold separate Board meetings as appropriate. (See Appendix D of the proposal for the terms of reference for the Board of Directors.) The Advisory Board will play both proactive and reactive roles in guiding the Board of Directors. Presently, the Board of Directors includes: Stanley R. Johnson, Chair, Gordon C. Rausser, President, and Harberger, Vice President. Arnold Harberger also serves as the Chair of the Advisory Board. The Executive Director will report to the Board of Directors.

b. Advisory Board. The Institute will have an Advisory Board made up of experienced scientists and professionals from the policy disciplines. These disciplines include economics, political economy, and other policy sciences. The responsibilities of the Advisory Board will include advising Institute staff on the direction of research and educational activities, and on the strategic positioning of the IPR to insure that available resources are best utilized. Membership of the Board will be for one year and renewable (see terms of reference, Appendix E, and Appendix F for bio sketches of current Advisory Board members). The specific responsibilities of the Advisory Board are:

(1) Provide counsel on the strategic positioning of IPR and the development of the research and educational programs.

(2) Advise and counsel to IPR Principals, Executive Director and staff on annual work plans.

25

(3) Participate (as indicated in Section 7 of the proposal) in the recruitment and selection of Senior Research Fellows, Senior Policy Fellows, and Junior Research Fellows, and with the evaluation of their research outputs.

(4) Participate as appropriate in the conferences and workshops.

## 2D.2. Washington D.C. Office Personnel

The Institute will operate and maintain its Washington office with minimal staff. The responsibilities of the management and administrative positions are summarized below:

a. **Executive Director.** The Executive Director of the Institute for Policy Reform will have full responsibility for the overall management of the programs and administration of the Institute, within the policy guidelines set out by the Board of Directors. The Executive Director of the Institute will be responsible for the operation of the fellows, conferences and workshops, publications and Institute research coordination programs, and arrangements with affiliated centers and institutes. The Executive Director will also prepare annual work plans and strategic plans for the Institute for Policy Reform and present them to the Advisory Board for comment and to the Board of Directors for approval. The Executive Director will also oversee the administration of IPR. The specific responsibilities are detailed in the position description, Appendix G of the proposal. The Executive Director will be an accomplished policy professional with solid scholarly credentials and/or extensive experience with development assistance projects and programs and in management and administration.

b. **Administrator.** The Administrator for the Institute for Policy Reform will be responsible to the Executive Director. The Administrator will be in charge of all administrative operations of the Institute (see Section 9 for description). For example, accounting and financial, personnel, communications and other services provision and management will be the responsibility of the Administrator. The Administrator will also provide organizational support for the Advisory Board and the Board of Directors. The specific responsibilities for the Administrator are detailed in Appendix H of the proposal.

## 2E. Research Agenda

### 2E.1. Development of Agenda

The process for developing the research agenda and the research topics is as follows:

a. IPR and A.I.D. will work together to develop a research agenda. IPR is expected to draw upon the advice of its advisory board and A.I.D. professionals from the economics community and other policy disciplines in identifying broad areas of research that support A.I.D.'s efforts in the design and implementation of policy reform strategies and institutional development.

b. After A.I.D. approves the workplan and the research agenda, the IPR will solicit research proposals from potential "Fellows." The IPR should develop competitive procedures to select the research fellows. The procedures should include requests for proposals in the major economics and policy related journals. Whatever method chosen, the IPR must establish a clear rationale for the pool of candidates and selection procedures.

(1) For the first year of the cooperative agreement, IPR and A.I.D. will review the work of the fellows under contract with Center for Agricultural and Rural Development (CARD) according to the criteria set forth in the program description and IPR's proposal. If a decision is made to renew any of the contracts, IPR will solicit proposals from these fellows in areas specified in the first year's annual research agenda. For any new fellows, IPR and A.I.D. will develop a list of candidates to submit proposals.

(2) For the second year of the cooperative agreement, IPR will select all fellows through a formal competitive process.

(i) IPR will advertise in the major economic and other policy discipline journals for expressions of interest.

(ii) Expressions of interest will include a brief description of research ideas and qualifications (resume).

(iii) IPR and A.I.D. will screen expressions of interest to select candidates for the fellows programs.

c. IPR and A.I.D. will review jointly the research proposals. This may include meetings between the potential fellow and A.I.D. staff to refine the scope of the proposal. Review criteria will include: the objectives of the research, the relation to A.I.D.'s policy reform initiatives, the qualifications of the proposed fellow, the practical applicability of the research in the design of policy reform strategies, the relevance to sound economic development policies, and the anticipation of future problem areas related to policy reform processes.

d. Once A.I.D. consents to the research topic in writing, IPR can enter into a contract for the research.

## 2E.2. Review of Research

IPR and A.I.D. will participate jointly in the review of the research of the fellows funded through the cooperative agreement. IPR will develop explicit procedures for the review of the research. The criteria that A.I.D. will use includes: (a) timeliness of the research, (b) quality of the research, (c) contribution to the design of policy reform strategies, and (d) stimulation of new ideas and concepts in policy reform programming decisions.

## 2E.3. Progress Implementation Benchmarks

The IPR should provide a system to track the progress of the activities in the annual workplan. In particular, the A.I.D. Project Officer should be able to determine the progress of each research projects from the time the topic is specified to its completion date (e.g., development of research agenda, competition for fellows, review of proposals, signing of contracts, completion of papers, review of papers, and start of the next year's cycle). There should also be a listing of when and where the IPR will sponsor workshops with A.I.D. to discuss the research findings.

278