

**AGENCY FOR INTERNATIONAL DEVELOPMENT**

UNITED STATES A. I. D. MISSION TO NICARAGUA

Gordon Ellison  
Country Program Director  
American Institute For Free  
Labor Development  
1015 Twentieth Street, N.W.  
Washington, D.C. 20036

SEP 28 1990

Subject: Agreement No. 524-0308-A-00-0022-00

Dear Mr. Ellison:

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." or "Grantor") hereby grants to the American Institute for Free Labor Development (hereby referred to as "AIFLD" or "Recipient"), the sum of \$700,000 to provide support for a program in support of the Confederation of Labor Unity (CUL) and other independent democratic unions as described in the Schedule of this Agreement and Attachment II, entitled "Program Description."

This Agreement 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 program objectives during the period beginning with July 1, 1990 and ending June 30, 1991.

This Agreement is made to the AIFLD, on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment I, entitled the Schedule, Attachment II, entitled "Program Description," and Attachment III entitled "Standard Provisions," which have been agreed to by your organization.

Please sign the original and four (4) copies of this letter to acknowledge your receipt of the Agreement, and return the original and three (3) copies to the Agreement Officer.

Sincerely,

A handwritten signature in cursive script, appearing to read "James E. Corley", is written over a printed name and title.

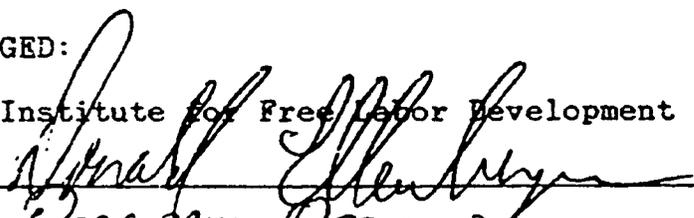
James E. Corley  
Agreement Officer

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions
4. AIFLD Proposal

ACKNOWLEDGED:

American Institute for Free Labor Development

BY: 

Title: PROGRAM OFFICER

Date: SEPT. 28, 1990

FISCAL DATA

Appropriation: 72-110/11037

Budget Plan Code: LESO-90-25524-IG13

PIO/T No.: 524-0308-3-00010

Project No.: 524-0308

Total Estimated Amount: \$700,000

Total Obligated Amount: \$700,000

IRS Employer Identification Number: 82-0745718

Funding Source: ESF

DUNS No.: 04-480-66-54

Technical Office: General Development Officer

ATTACHMENT I

Cooperative Agreement Schedule

A. Purpose of the Agreement.

The purpose of this Agreement is to assist the American Institute for Free Labor Development (AIFLD) support the Confederation of Labor Unity (CUS) and other independent democratic unions through technical assistance, as more specifically described in Attachment II to this Agreement entitled "Program Description."

B. Period of Agreement.

This Agreement is effective and obligation is made as of the date of the Agreement cover letter and shall apply to commitments made by the Recipient in furtherance of program objectives during the period beginning July 1, 1990 and ending June 30, 1991.

C. Amount of Agreement and Payment.

1. A.I.D. hereby obligates the amount of \$700,000 for purposes of this Agreement.
2. Payment shall be made to the Recipient in accordance with procedures set forth in Attachment III - Optional Standard Provision No.2, entitled "Payment - Periodic Advance."
3. Documentation required by the payment provision noted above shall be submitted to:

AGENCY FOR INTERNATIONAL DEVELOPMENT  
OFFICE OF FINANCIAL MANAGEMENT  
M/FM/PAFD, ROOM 623, SA-12  
WASHINGTON, DC 20523

D. Financial Plan.

Table A provides the Financial Plan for this Agreement. Adjustments among budget line items in the Financial Plan in an amount up to, but not exceeding, ten percent (10%) of any line item may be made by AIFLD. AID should be immediately notified of any such budget change. Any adjustment which would increase line items in Section A of the Financial Plan must be approved in advance by the AID Agreement

Officer in writing. Any adjustment exceeding ten percent (10%) must be made in accordance with Mandatory Standard Provision No. 4 entitled "Revision of Grant Budget," found in Attachment III.

E. Special Provisions.

1. The terms "Grant" and "Grantee," where they appear in this Agreement and its Attachments, shall be deemed to be "Agreement" and "Recipient," respectively.
2. Attachment II of this Agreement, "Program Description," is derived from the contents of Attachment IV, "AIFLD Proposal." Attachment II, however, is the controlling Agreement ("Project") description.
3. In accordance with PD-16, AIFLD shall be exempt from the twenty-five percent (25%) contribution to program funding required of private voluntary organizations. AIFLD qualifies for the exemption because it is an institution established under AID programs and Congressional mandate to provide long-term capacity in support of free labor unions.
4. None of the funds provided under this Agreement shall be used directly or indirectly to support or influence the outcome of any election in any country.

F. Title to Property.

Title to and use of property shall be in accordance with Attachment III, the Optional Standard Provision No. 20 entitled "Title to and Use of Property (Grantee Title)."

G. Indirect Cost Rate.

The overhead rate allowable under this Agreement is 22.26%. The base of application is Total Direct Costs. The indirect cost rates shall be governed by Optional Standard Provision No. 13 entitled "Negotiated Indirect Cost Rates - Provisional."

H. Authorized Geographic Code.

The authorized geographic code for procurement of goods and services under this Agreement is the United States (AID Geographic Code 090) and the order of precedence as indicated in Optional Standard Provision No. 7 entitled "AID Eligibility Rules for Goods and Services."

I. Substantial Involvement Understanding.

A.I.D., through its General Development Office, will participate in the activities described under this Agreement in the following manner:

1. A.I.D will monitor project implementation to assure that the terms and conditions of this Agreement are met. Project monitoring will be exercised principally by an A.I.D. Project Manager assigned by the Mission Director or her designee.

2. A.I.D. will approve annual implementation plans presented by AIFLD.

3. A.I.D. will participate annual reviews of activities financed under this Agreement, based on quarterly reports submitted by AIFLD.

4. A.I.D. will approve in advance all contracts with U.S., U.S.-alien, and third country national citizens. For this purpose, AIFLD will provide details of each proposed consultant, including the name of the individual, the dates of travel, flight numbers, and purpose of such travel, at least 20 days in advance of such travel.

5. A.I.D. will supervise the final program evaluation to be conducted during the life of the Project.

TABLE A

Estimated Project Budget

A. FIELD ADMINISTRATIVE COSTS

Salaries

1 Country Program Director	\$42,750.00	
1 Program Coordinator	8,100.00	
1 Accountant/Secretary	5,850.00	
1 Secretary/Receptionist	4,350.00	
1 Messenger	2,925.00	
1 Night Watchman	<u>2,250.00</u>	\$ 66,225.00

Overseas Allowances

Housing	\$13,500.00	
Education	<u>8,000.00</u>	\$ 21,500.00

Travel and Per Diem

International travel; 2 x \$750.00	\$ 1,500.00	
International per diem; 2 x 5 x \$125.00	1,250.00	
Local travel and per diem	10,000.00	
Vehicle maintenance, insurance, etc.	4,000.00	
Shipment of HHE and office equipment	<u>20,000.00</u>	\$ 36,750.00

Rent and Utilities

\$1,300.00 per month x 9 months	\$11,700.00	
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Supplies and Equipment

Purchase of office equipment/furniture	\$ 30,000.00	
Purchase and shipping of vehicles	36,000.00	
Supplies \$500.00 x 9 months	<u>4,500.00</u>	\$ 70,500.00

Communications and Postage

Average \$650.00 per month x 9 months	\$ 5,850.00	
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Benefits

Retirement 25% x \$42,750.00	\$10,688.00	
Social Security, taxes, hosp. and insur.	9,500.00	
Local staff 25% x \$21,225.00	<u>5,305.00</u>	\$ 25,494.00

Consultant Fees and Expenses

Legal, technical, trade union and audit		\$ 20,000.00
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B. PROGRAM COSTS

CUS administrative support	\$96,000.00	
Vocational training program	20,000.00	
Union health clinics	12,000.00	
Local, regional, national seminars, conferences, forums	60,000.00	
Organizing/activitist program 30 x \$150.00 x 9	40,500.00	
2 one-week programs in cooperation with Venezuela - 10 participants each program	15,000.00	
Organizational support CPT groups	65,000.00	
International participant costs	<u>6,030.00</u>	<u>\$314,530.00</u>
	Subtotal	\$572,549.00
	Overhead at 22.26%	<u>127,451.00</u>
	<b>GRAND TOTAL</b>	<b><u>\$700,000.00</u></b>

ATTACHMENT II

Program Description

A. Purpose and Objectives.

The purpose of this Cooperative Agreement (CA) is to assist AIFLD support CUS and other independent democratic unions through technical assistance and training. This assistance will support these unions in their efforts to play leadership roles in Nicaragua's organized labor movement.

B. Activity Description.

The CA will support AIFLD in four areas: 1) technical assistance to CUS and the other independent labor unions; 2) training, workshops and activities for union members; 3) institution-building for independent labor unions; and 4) administrative and institutional financing of AIFLD operations in Nicaragua.

1. Technical Assistance to CUS and the Independent Labor Unions

The new Nicaraguan government elected on April 25, 1990, has had to confront massive labor strikes in response to needed economic reforms, which include plans for privatization of inefficient public sector enterprises. As these economic changes proceed, and workers are forced to compete in the private market, new venues of expression must be found for organized labor. Independent trade unions can provide training in new skills as well as represent the workers in the ongoing dialogue with the government and the private sector.

Under this component, AIFLD will provide technical assistance to CUS and three other labor unions that make up the Permanent Congress of Workers (CPT). This assistance will be directed at enabling the four CPT members to carry out organizing drives aimed at enlisting workers from the public and private industrial, service and agricultural sectors. It is estimated that the Grant will result in an increase in membership of at least fifty percent of the CPTs current total and the creation of twenty-five new unions in both the urban and rural sectors.

AIFLD will also provide technical assistance to the independent unions by doing needs assessment and feasibility studies on the types of programs that will be required to recruit and retain new members. Technical assistance will be provided by AIFLD staff in Nicaragua and the United States as well as from independent sources.

Salaries, per diem and related expenses will be in line with AIFLD norms but may not exceed costs paid by AID for similar services, except as the AID Agreement Officer may approve in writing. AIFLD will be reimbursed for administrative and other direct costs related to providing the technical assistance under this Agreement. Any technical experts contracted under this Agreement may not receive dual compensation for work they perform under this Agreement.

## 2. Training, Workshops and Activities for Union Members

AIFLD will undertake workshops and seminars geared towards providing skills in basic union development to lower level union officers as well as training in grievance procedures, union administration, and labor legislation, so that they can effectively service their newly-organized members. Middle level officers of the independent trade unions will be trained in democratic political behaviour, such as tolerance, compromise, delegation of authority, and negotiations. Through the use of educational programs, seminars and conferences, CPT leaders will be trained to promote effectively the interests of labor with the executive, legislative and judicial branches of government.

CA funds will also be used by AIFLD to strengthen programs existing in CUS and other independent unions in the fields of vocational training, basic literacy and agricultural skill training.

## 3. Institution-building of Independent Unions

The CPT has been operating in an environment hostile to independent labor unions for years. It does not have alternative income sources, so that in order to proceed with the organizing drive contemplated under this Agreement, AIFLD may provide basic budget support to the independent democratic trade unions. This support will not only cover basic administrative expenses required to effectively operate an institution, but will also encompass the provision of basic services, such as health clinics, for union members.

## 4. Operational Expenses of AIFLD

The administrative and consulting activities related to implementation of this Agreement require that AIFLD open an office in Nicaragua to manage the program. Agreement funds will be used for all line items in Section A of Table A of the Financial Plan for the project.

C. Project Administration

1. AIFLD Responsibilities

Primary AIFLD responsibilities will include but not be limited to:

a. Project Management

AIFLD will directly manage all activities and assistance and implement the project through an ongoing relationship with the Nicaraguan labor movement being supported under this Grant. Project implementation will require, but not be limited to:

1. periodic reports to AIFLD from the democratic labor sector;
2. solicitation for labor training seminars from the participating unions;
3. periodic visits by AIFLD staff to implementation activities;
4. in-depth surveys by AIFLD of the actual strength of the democratic labor movement and the reasonable gains which can be expected through the support provided by this Agreement;
5. evaluation of organizing techniques used by CPT organizations; and
6. establishment of targeted organizing drives by CPT affiliates in accordance with the sectors identified in the August 24, 1990 letter that forms part of the AIFLD proposal and is included in Attachment IV.

b. Contracting for Technical Assistance. AIFLD will be responsible for providing or contracting all technical assistance. In contracting technical assistance, AIFLD will ensure that salaries and any other benefits paid are in line with sound business practices and AIFLD policies and norms. AIFLD will be responsible for identifying technical experts, developing scopes of work, following up on their work, and, to the best of its ability, ensuring high quality products from these individuals.

c. Reporting. AIFLD will be responsible for financial and program reporting to A.I.D. of Agreement funds and activities as noted in Section E below. AIFLD reports will provide full accounting for Project funds and will present to A.I.D. appropriate financial documentation. In addition, AIFLD will prepare trimestral Reports to A.I.D., beginning in September 1990 on the progress of activities financed under the Agreement and a final report at the conclusion of the Grant.

d. Separate Account. AIFLD will establish a separate uncommingled bank account for the purpose of controlling funds received under the Agreement. AIFLD will provide proof to A.I.D. that this account has been established prior to the disbursement of funds.

2. A.I.D. Responsibilities

a. Disbursements: A.I.D. will disburse funds under the Agreement as described in the Optional Standard Provisions of Attachment III entitled "Payment Periodic Advance." A.I.D. will provide an initial 90-day advance required for the timely implementation of the Agreement.

b. Final Approval of Agreement Activities. As described in Section C.3 below, no activities under the Agreement will commence prior to A.I.D. approval.

3. Coordination with USAID

The USAID Mission Director or his/her designee will serve as USAID Coordinator with AIFLD for purposes of this Agreement.

D. Special Requirements

1. A.I.D. will have access to any Agreements and/or understandings between AIFLD and the unions being assisted under this Agreement on the activities to be undertaken hereunder and on the accountability being required of those unions.

2. AIFLD will provide, within sixty days of the signing of this Agreement, in form and substance satisfactory to A.I.D., a detailed written summary of its policies and procedures for personnel (including travel and per diem), procurement and accounting.

E. Reports, Records, Inspections and Audits

AIFLD shall:

1. Furnish AID such information and reports relating to the Project and to this Agreement as AID may request and as further described in Attachment III, Standard Provisions.

2. Maintain or cause to be maintained, in accordance with the Standard Provisions of this Agreement and generally accepted accounting principles and practices consistently applied, books, records and underlying documentation relating to this Agreement, adequate to show, without limitation, the use of funds under this Agreement, and the receipt and use of goods and services acquired under the Agreement. Such books, records, and underlying documentation will be audited regularly, in accordance with generally accepted accounting standards, and maintained for three years after the Agreement expiration date. Such books and records will also be adequated to show the nature and extent of solicitations of prospective suppliers of goods and services acquired, the basis of award of contracts and orders, and overall progress of the Project.

3. Afford authorized representatives of A.I.D. the opportunity at all reasonable times to inspect the project, the utilization of goods and services financed by A.I.D., and books, records, and other documents relating to the Project.

4. Contract with a Certified Public Accounting firm to perform a compliance audit prior to the termination of the Agreement. The audit will be performed in accordance with generally accepted auditing standards as prescribed by the General Accounting Office of the U.S. government. Funds for the audit are a separate line item in the Illustrative Budget.

#### F. Refunds

In case any disbursement which is not supported by valid documentation in accordance with this Agreement, or which is not made or not used in accordance with this Agreement, or which was for goods and services not used in accordance with this Agreement, A.I.D. may require the Grantee to refund the amount of such disbursement to A.I.D. within sixty days after the receipt of a request thereof. See Mandatory Standard Provisions No. 3 entitled "Refunds," Attachment III,