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

04 March 1993

Ms. M. Charito Kruvant
President
CREATIVE ASSOCIATES INTERNATIONAL, INC.
5301 Wisconsin Ave., Suite 700
Washington, DC 20015

Subject: Cooperative Agreement No. 519-0394-A-00-3053-00
National Reconstruction Project Support for
Transition to Peace in El Salvador

Dear Ms. Kruvant:

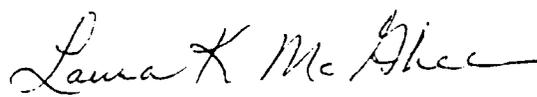
Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, and the Federal Grant and Cooperative Agreement Act of 1977 (P.L. 95-224), the Agency for International Development (hereinafter referred to as "A.I.D." or "Grantor") hereby grants to CREATIVE ASSOCIATES INTERNATIONAL, INC. (hereinafter referred to as "Recipient") the sum of Two Million Twenty Thousand Dollars (US\$2,020,000) under the National Reconstruction Project (519-0394) to provide support for activities designed to facilitate the transition to peace in El Salvador as described in Attachment 1, entitled "Schedule" and "Attachment 2", entitled "Program Description" of this cooperative agreement.

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 the effective date and ending February 28, 1994. The total amount of AID funds obligated for this activity is \$2,020,000.

This cooperative agreement consists of Attachment 1, the "Schedule"; Attachment 2, "Program Description"; and Attachment 3, "Standard Provisions," all of which have been reviewed and agreed to by your organization. Please sign the original and six copies of this

letter to acknowledge receipt of this agreement and return the original and five copies to the undersigned Agreement Officer, USAID/El Salvador Contracts Office.

Sincerely,



Laura K. McGhee
Agreement Officer

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions

ACKNOWLEDGED:

By: M. Charito Kruvant

Name : M. CHARITO KRUVANT
Title: PRESIDENT, CEO
CREATIVE ASSOCIATES INTERNATIONAL, INC.

Date: 3/10/93

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Continuation of Cooperative Agreement No. 519-0394-A-00-3053-00 with
CREATIVE ASSOCIATES dated 04 March 1993.

FISCAL DATA:

Project No.....: 519-0394
Appropriation : 72-11X1500
Budget Plan Code : LDTX-92-25519-IG13
Funding Source : USAID/El Salvador
Total Estimated Amount: \$2,020,000
Total Obligated Amount: \$2,020,000

SCHEDULE

A. AUTHORITY, PURPOSE AND PROGRAM DESCRIPTION

The purpose of this cooperative agreement is to provide support for activities designed to facilitate the transition to peace in El Salvador as more specifically described in Attachment 2 hereof entitled "Program Description."

B. TOTAL ESTIMATED COST, FUNDS OBLIGATED, AND PAYMENT

1. The total estimated cost of all activities covered by this Cooperative Agreement is \$2,020,000. A.I.D. hereby obligates the amount of \$2,020,000 which shall be made available to the Recipient in accordance with procedures set forth in Attachment 3 hereof in the Standard Provision entitled "Payment-Periodic Advance." The Recipient is not authorized to incur costs in excess of the total obligated amount.

2. Throughout the agreement period, the Recipient will be advanced funds based upon projections of cash needs, liquidations of prior advances and received cash on hand. Instructions regarding requests for advances, reporting of expenditures and liquidation of advances will be provided to the Recipient in writing by the Office of the USAID/El Salvador Controller upon Recipient acknowledgement of receipt of this Cooperative Agreement.

C. SUBSTANTIAL INVOLVEMENT UNDERSTANDINGS

USAID/El Salvador and the Government of El Salvador (GOES) through the Secretaria de Reconstruccion Nacional (SRN) will participate in the activities under this Cooperative Agreement by exercising approval rights for all criteria used in selection of beneficiaries under this agreement and by monitoring all assistance provided to beneficiaries by the Recipient.

D. PERIOD OF AGREEMENT

The effective date of this Agreement is the date of the covering letter. The estimated completion date is February 28, 1994.

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E. REPORTS AND EVALUATION

1. Work Flow Status Report - Within 30 days following award of this cooperative agreement, the Recipient will submit to the SRN and USAID/IRD, a projected flow of activities to be carried out under the agreement. This report will project the number of units to be purchased, stored, and distributed (including identification of distribution sites) for each month during the period of the agreement. Within the first 10 days of each successive month, an updated version of this report will be submitted indicating cash flow requirements (i.e., expenditures, liquidations, and required advances) for each month.

2. Quarterly Activity Reports. Within 10 working days following the end of each quarter, the Recipient shall submit to the SRN and USAID/IRD a detailed report of all activities carried out under this agreement.

3. Financial Status Reports. The Recipient shall comply with all financial reporting requirements detailed in the Standard Provision entitled, "Payment - Periodic Advance" and in supplementary instructions provided to the Recipient by the Office of the USAID/El Salvador Controller.

4. End of Program Report. Within 21 working days following the expiration of this agreement, the Recipient shall submit a final report summarizing all activities carried out under the agreement.

F. NEGOTIATED INDIRECT COST RATES

Pursuant to the Standard Provision entitled, "Negotiated Indirect Cost Rates - Provisional" in Attachment 3 hereof, a rate or rates shall be established for each of the Recipient's accounting periods during the term of the agreement. Payments for allowable indirect costs shall be made on the basis of the following negotiated provisional rates applied to the bases which are set forth below:

<u>Type</u>	<u>Rate</u>	<u>Period</u>	<u>Base</u>
Overhead	34%	Award til amended	Direct labor costs plus post differential
G&A	17%	Award til amended	Total direct costs less commodities for beneficiaries

G. FINANCIAL PLAN

The following is the Financial Plan established for the period of this Agreement. Variances are permitted up to a maximum of 15% of any budget line item, provided the total amount of funds is not exceeded. Any revisions to this budget in excess of 15% shall be made in accordance with the Attachment 3, the Standard Provision entitled "Revision of Grant Budget."

<u>Program Component</u>	<u>Amount Budgeted</u>
1. Agricultural Tools	\$1,332,504
2. Warehousing	219,062
3. Distribution of Pkgs	239,629
4. Information Management	47,630
5. Indirect Costs	<u>181,175</u>
Grand Total	<u>\$2,020,000</u> =====

H. SPECIAL PROVISIONS

1. Language of Agreement - This cooperative agreement has been prepared in English. Should the Recipient desire or require an unofficial Spanish translation, USAID/ES will provide a copy of the agreement in the Spanish language. In the event of any ambiguity or conflict between the two versions, the English language version will control.

2. Local Cost Financing with U.S. Dollars - Local cost financing with U.S. Dollars is authorized for this agreement in accordance with the provisions of Chapter 18 of AID Handbook 1, Supplement B.

3. Title to Property - All property purchased under this Agreement shall be titled in the name of the Recipient in accordance with the Standard Provision entitled "Title to and Use of Property (Grantee Title)."

4. Authorized Geographic Code - The authorized geographic code for source and origin of all goods and services to be procured

under this Agreement is 941 unless A.I.D. otherwise agrees in writing.

5. Exclusion from Participation - The Recipient shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by AID. The Recipient further agrees that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion -- Lower Tier Covered Transaction," which will be provided by AID, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

6. Disclosure of Lobbying Activities - The Recipient shall require that the language of the certification regarding lobbying activities (which was executed by the Recipient prior to award of this cooperative agreement) be included in the award documents for all sub awards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

7. Drug Free Workplace Requirements - The Recipient shall maintain a drug free workplace in compliance with the certification provided to AID prior to the signing of this agreement. Violations of the requirements to maintain a drug free workplace may subject the Recipient to suspension of disbursements, termination or suspension of this agreement, ineligibility to receive further grant assistance and such other remedies as AID may consider appropriate. Violations include the failure to comply with the certification, presentation of false certification, or evidence that such a number of employees have been convicted of violations of criminal drug statutes for acts occurring in the workplace as to indicate that the Recipient has failed to make a good faith effort to provide a drug free workplace.

8. Access to Commissary - U.S. and third country national employees of the Recipient, as well as U.S. and third country national employees of its subrecipients and subcontractors, who are present in El Salvador solely as a result of employment under this cooperative agreement shall have access to the commissary operated by the American Employees Association of El Salvador in accordance with the policies of the Department of State and the U.S. Embassy, El Salvador.

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I. STANDARD PROVISIONS

The Standard Provisions applicable to grants with US Non-Governmental Organizations are contained in Attachment 3 hereof. For purposes of this agreement, the following provisions do not apply:

Payment - Letter of Credit

Payment - Cost Reimbursement

Patent Rights

Negotiated Indirect Cost Rates-
Predetermined

Voluntary Population Planning

Care of Laboratory Animals

Government Furnished Excess Personal Property

Title to and Use of Property (U.S. Government Title)

Title to and Use of Property (Cooperating Country Title)

Cost Sharing (Matching)

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PROGRAM DESCRIPTION

I. PURPOSE

The overall purpose of the program is to assist Salvadoran communities and individuals in their transition from war to peace by providing goods and services to beneficiary populations, specifically, demobilized members of the El Salvador Armed Forces (ESAF).

II. BACKGROUND

The Chapultepec Peace Accords which were signed in January 1992 brought an end to the armed conflict between the Government of El Salvador Armed Forces (ESAF) and the forces of the Farabundo Marti Liberacion Nacional (FMLN). These accords contained a number of provisions relating to demobilization of armed combatants along with assistance in making the transition to civilian life to be provided equitably to all ex-combatants, regardless of affiliation. The Government of El Salvador assigned responsibility to the Secretaria de Reconstruccion Nacional (SRN) for coordinating all of the agreed assistance. In fulfillment of a part of that responsibility, the SRN contracted with the Recipient to procure, warehouse and distribute agricultural tool starter packages to demobilizing FMLN troops with rural vocations. The Recipient, who has provided assistance to displaced families under AID Project 519-0281 (Health and Jobs for Displaced Families) since 1990, procured more than eight thousand of these packages and is currently distributing them to eligible ex-combatants of the FMLN.

Because of its current involvement in carrying out this process for FMLN forces, the Recipient has requested AID to provide assistance to enable it to continue its efforts on behalf of demobilizing ESAF forces, insuring that these troops receive items of identical specifications and quality, distributed through an identical process.

III. PROGRAM ACTIVITIES

Activities involved in this program include procurement, warehousing, distribution, and information management associated with providing agricultural starter packages to certified eligible demobilizing ESAF troops who choose an agricultural vocation upon their return to civilian life. Preliminary estimates indicate that approximately 11,200 ESAF troops will qualify for these packages.

A. Procurement

For each eligible beneficiary, the Recipient will purchase 3 hoes, 3 cumas, 1 machete, 1 hammer, 1 backpack sprayer, 1 bean drying cloth, 1 chuzo, 1 shovel, 1 wrecking bar, 1 pick, and 2 corvos (22"). These 16 items will be assembled into one package as an agricultural starter tool kit. The specifications and quality of all items in these kits will be identical to those provided by the Recipient to demobilizing FMLN troops.

B. Warehousing

The Recipient will insure that all purchased items are delivered and appropriately stored in a secure location prior to distribution to eligible beneficiaries.

C. Distribution

Mutual agreement on the criteria for eligibility and the mechanism for identification of eligible beneficiaries; i.e., certified demobilized/demobilizing after February 1, 1992 and with intention of entering agriculture to make a living; will be reached among the SRN, ESAF, and USAID prior to any distribution of starter packages. When these agreements have been reached, the Recipient will proceed with distribution of the packages in the same manner that the identical packages were distributed to demobilizing FMLN troops. In order to insure equity and accountability, the entire distribution process will be monitored by civilian observers (auditors) contracted by USAID.

D. Information Management

The information management systems developed by the Recipient for use in providing assistance to former FMLN troops will be used to ensure accountable administrative control of purchasing, warehousing and distributing the agricultural starter packages for the former ESAF troops. These systems provide information regarding:

(1) purchases and deliveries of goods and services from suppliers;

(2) warehouse entry/exit system with Cardex and remission slips;

(3) computerized inventory control which tracks receipt and disposition of inventory;

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(4) computerized control of delivery which identifies each beneficiary with his own personal data, date of delivery, place, and receipt or coupon number;

(5) statistics regarding the entire process, including quantities of items purchased, prices paid, inventory stored in warehouses, number of packages delivered to beneficiaries on any given date, etc.

IV. SCHEDULE OF ACTIVITIES

Purchase and warehousing of the items required for the agricultural starter packages will begin as soon as possible after the effective date of this agreement. Distribution will be tied to demobilization of troops with rural vocations. ESAF authorities, through the SRN, will provide dates of scheduled demobilizations along with the names of eligible beneficiaries in accordance with agreed criteria. Current projections indicate that distribution of packages can be finished by January 31, 1994 and all administrative activities completed by February 28, 1994. The Recipient will advise USAID and the SRN immediately if circumstances indicate that all activities cannot be completed within this time frame.

V. ADMINISTRATIVE AND LOGISTICAL SUPPORT

In the interests of efficiency and cost effectiveness, certain administrative and logistical support required by the activities described above will be provided by the administrative staff of Cooperative Agreement No. 519-0281-A-00-0115-00 as an adjunct to the National Reconstruction Component of the Displaced Families Project. After that project expires on May 31, 1993, such support still required by these activities will be allowable as direct costs under this agreement.

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