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28015

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

July 7, 1992

Mr. Mario Sulit
Director of Operations
International Executive Service Corps
3a. Calle Pte. y Pasaje 1, No. 5-91
Colonia Escalón
San Salvador

Subject: Cooperative Agreement No. 519-0395-A-00-2080-00

Dear Mr. Sulit:

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.) hereby grants to the International Executive Service Corps (hereinafter referred to as IESC/El Salvador or "Recipient"), under this Cooperative Agreement the sum of \$500,000 to establish a Technical Assistance Sub-Project Fund and to provide support for the local operating expenses related to IESC provision of technical assistance as set forth in Attachment 2, entitled Project Description.

This Cooperative 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 project objectives during the period beginning as of the date of this letter and ending June 30, 1994.

The Recipient shall be entitled to reimbursement for up to a total of \$11,000 for costs incurred to maintain a presence in El Salvador in preparation for the commencement of this project from the period April 1, 1992 to the effective date of this Cooperative Agreement. These costs shall be attributable only to operation and maintenance of the Recipient's facilities and staff personnel in El Salvador and shall not include direct technical assistance to any Salvadoran organization during that period.

This Cooperative Agreement is made with IESC/El Salvador on the condition that the funds be administered in accordance with the terms and conditions set forth in Attachment 1, entitled the Schedule, Attachment 2, entitled Project Description, and Attachment 3, entitled Standard Provisions, which have been agreed to by your organization.

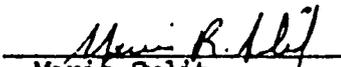
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Please sign the original and two (2) copies of this letter to acknowledge your receipt of the Cooperative Agreement, and return the original and one copy to USAID/El Salvador.

Sincerely yours,


John A. Sanbrailo
Mission Director


Laura K. McGhee
Agreement Officer

Acknowledged: 
Marip Sulit
Director of Operations
IESC/El Salvador

Date: 9/21/92

SCHEDULE

A. Purpose of the Cooperative Agreement

The purpose of this Cooperative Agreement is to provide technical assistance to private sector enterprises and organizations, to assist in the economic reactivation of El Salvador as described in Attachment 2, Project Description.

B. Period of Cooperative Agreement

1. The effective date of this Cooperative Agreement is the date of the covering letter. The expiration date of this Cooperative Agreement is June 30, 1994. The Recipient shall be entitled to reimbursement for up to a total of \$11,000 for costs incurred to maintain a presence in El Salvador in preparation for the commencement of this project from the period April 1, 1992 to the effective date of this Cooperative Agreement. These costs shall be attributable only to operation and maintenance of the Recipient's facilities and staff personnel in El Salvador and shall not include direct technical assistance to any Salvadoran organization during the period.

2. Funds obligated hereunder are available for project expenditures for the estimated period shown in B.1 above and as shown in the Illustrative Financial Plan below.

C. Amount of Cooperative Agreement and Payments

1. The total estimated amount of this Cooperative Agreement for the period shown in B.1 above is \$500,000.

2. A.I.D. hereby obligates the amount of \$500,000 for project expenditures as shown in the Illustrative Financial Plan below.

3. Payment shall be made to the Recipient in accordance with the procedures set forth in Optional Standard Provision No. 1, entitled Letter of Credit (LOC) of Attachment 3, Standard Provisions for U.S. Grantees and U.S. Sub-Grantees.

D. Financial Plan

1. The Financial Plan for the Cooperative Agreement and IESC Technical Assistance Program in El Salvador is presented below. Reprogramming of funds between the line items of the Financial Plan will be permitted up to 15% of the programmed amounts without modifying the Financial Plan. Any reprogramming which exceeds 15% will require a written request from IESC/El Salvador and A.I.D. approval.

2. Technical Assistance Costs

The technical assistance line item in the Financial Plan is based on the average IESC charge per technical assistance sub-project. For purposes of

this Cooperative Agreement, this figure is estimated at \$6,000 per sub-project; however, the actual cost may be higher.

3. Local and Dollar Costs of this Cooperative Agreement

Local currency costs of the Cooperative Agreement consist of the equivalent of \$138,000 in local administrative expenses, as shown in the Financial Plan. Dollar costs of the Cooperative Agreement are estimated at \$362,000, of which \$240,000 are for technical assistance costs (i.e., volunteer executive in-country expenses), and \$122,000 for country Director expenses.

Funds provided by AID under this Cooperative Agreement will not be used to pay any portion of the cost of the Recipient's U.S. office administration.

4. Client Contributions

Program income generated by client contributions in El Salvador will be used to pay a portion of the Recipient's U.S. general and administrative expenses or used to pay a portion of local administrative expenses.

E. A.I.D. Involvement

USAID/El Salvador will participate in the activities under this Cooperative Agreement in the following manner:

1. USAID will approve IESC technical assistance sub-projects funded under the Technical Assistance Sub-Project Fund of the Project which are not related to the Industrial Reconversion Program of the Salvadoran Association of Industrialists, presented in Attachment 2, the Project Description.

2. Project monitoring will be exercised principally by a Project Manager assigned from USAID's Private Enterprise Office.

F. Reporting and Evaluation

1. Financial Status Reports. The financial reporting requirements are detailed in Optional Standard Provision No. 1, Letter of Credit, of the attached Standard Provisions. In accordance with this provision, the financial reports entitled "Financial Status Report," SF-269, and "Federal Cash Transactions Report," SF-272, shall be submitted to A.I.D. on a quarterly basis.

2. Monthly Lists of Technical Assistance Sub-Projects. On a monthly basis, the Recipient shall submit to USAID's Private Enterprise Office a list of the technical assistance Sub-Projects proposed, those approved by IESC headquarters, those underway, and those completed. The list will be used to monitor Project implementation as described in E.2. above.

3. IESC Workplans, Reports, and Reviews. For all technical assistance funded by the Project, the Recipient shall submit to USAID's Private Enterprise Office, copies of the Standard Workplan, Report by Volunteer Executive of Assistance Rendered, and Review by Country Director. These documents, further described in Attachment 2, Project Description, will be treated as confidential proprietary information by USAID.

4. Project Progress Reports. The Recipient shall monitor performance under the Cooperative Agreement and ensure that time schedules are being met, projected work units by time periods are being accomplished, and other performance goals are being achieved. The Recipient shall submit annual technical performance reports to USAID that present the following information for each activity under the Cooperative Agreement:

- a. A complete list of technical assistance sub-projects approved, underway, and completed. This list should include, whether on an estimated or actual basis, begin dates, completion dates, and duration of technical assistance;
- b. When appropriate, reasons why established goals were not met; and
- c. An analysis of the extent to which technical assistance rendered meets the objectives established in Attachment 2, Project Description.

The Recipient shall submit the annual technical performance reports to USAID's Private Enterprise Office. If any performance review conducted by IESC discloses the need for change in the budget estimates, in accordance with the criteria established in Mandatory Standard Provision No. 4, entitled "Revision of Grant Budget," of Attachment 3, Standard Provisions, IESC shall submit a request for budget revision.

5. Project Evaluation. During the end of the second year of the Project, an evaluation of the IESC project will be undertaken at A.I.D.'s expense, the elements of which will be mutually agreed to by A.I.D. and IESC/El Salvador. IESC will cooperate to the fullest extent possible in conducting this evaluation.

G. Special Provisions

1. Prior to the disbursement of funds by A.I.D. to IESC or to the issuance by A.I.D. of documentation pursuant to which disbursements will be made, the Recipient will, except as A.I.D. may otherwise agree in writing, provide:

- a. A statement of the name of the person empowered in IESC, whether in IESC/El Salvador or IESC Headquarters in Stamford, Ct., to receive the funds provided under this Cooperative Agreement and of any additional representatives, together with a specimen signature of each person so designated;
- b. Evidence that IESC office in El Salvador has established a bank account to control the receipt and disbursement of the Cooperative Agreement funds, including the complete account number and name.

2. IESC covenants to pay no more than reasonable prices for any goods and services financed in whole or in part under this Cooperative Agreement. Such items will be procured by employing fair and good commercial practices to assure the most effective use of the funds provided.

3. IESC covenants to comply with the criteria for A.I.D. - Funded Technical Assistance Sub-Projects as established in Attachment 2, Project Description, to this Cooperative Agreement, unless A.I.D. otherwise agrees in writing.

4. IESC shall maintain a drug-free workplace in compliance with the certification provided to A.I.D. dated May 16, 1989. Violations of the requirements to maintain a drug-free workplace may subject the Recipient to suspension of disbursements, termination or suspension of this Cooperative Agreement, ineligibility to receive further Cooperative Agreement assistance and such other remedies as A.I.D. may consider appropriate. Violations include the failure to comply with the certification, presentation of a 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.

5. For the funding period under this Cooperative Agreement, the Recipient agrees to expend from non-Federal funds an amount at least equal to 25% of the total expenditures under this Cooperative Agreement specified in the schedule of the Cooperative Agreement. The schedule of this Cooperative Agreement may also contain restrictions on the application of cost sharing (matching) funds. The schedule takes precedence over the terms of this provision.

6. U.S. citizen employees of the Recipient, as well as the U.S. citizen employees of its subgrantees or subcontractors, who are working in El Salvador under the Cooperative Agreement, will have access to the commissary operated by the American Employees Association in El Salvador in accordance with the policies of the Department of State and the U.S. Embassy/El Salvador.

H. Title to Property

Conditions governing title to property financed under the Cooperative Agreement are as set forth in Optional Standard Provision No. 20 "Title to and Use of Property" (Grantee Title).

I. Authorized Geographic Code

The authorized geographic code for procurement of goods and services under this Cooperative Agreement is Code 000, the United States, except as A.I.D. may otherwise agree in writing.

J. Overhead

There shall be no overhead charged under the Cooperative Agreement.

K. Audits

The Recipient will engage a U.S. CPA firm, or an affiliate of a U.S. CPA firm, to carry out an annual audit of IESC's financial statements and use of the A.I.D. Cooperative Agreement funds. Funding made available under this Cooperative Agreement may be used to contract a CPA firm to comply with this requirement.

L. Applicable Standard Provisions

Those standard provisions which have been checked are included physically within this Cooperative Agreement:

1. Payment - Letter of Credit	<u>X</u>
2. Payment - Periodic Advance	<u> </u>
3. Payment - Cost Reimbursement	<u> </u>
4. Air Travel and Transportation	<u>X</u>
5. Ocean Shipment of Goods	<u>X</u>
6. Procurement of Goods and Services	<u>X</u>
7. A.I.D. Eligibility Rules for Goods and Services	<u>X</u>
8. Subagreements	<u>X</u>
9. Local Cost Financing	<u>X</u>
10. Patent Rights	<u> </u>
11. Publications	<u> </u>
12. Negotiated Indirect Cost Rates-Predetermined	<u> </u>
13. Negotiated Indirect Costs Rates-Provisional	<u> </u>
14. Regulations Governing Employees	<u>X</u>
15. Participant Training	<u> </u>
16. Voluntary Population Planning	<u> </u>
17. Protection of the Individual as a Research Subject	<u> </u>
18. Care of Laboratory Animals	<u> </u>
19. Government Furnished Excess Personal Property	<u> </u>
20. Title to and Use of Property (Grantee Title)	<u>X</u>
21. Title to and Care of Property (U.S. Government Title)	<u> </u>
22. Title to and Care of Property (Cooperating Country Title)	<u> </u>
23. Cost Sharing (Matching)	<u>X</u>
24. Use of Pouch Facilities	<u>X</u>
25. Conversion of United States Dollars to Local Currency	<u>X</u>

ILLUSTRATIVE FINANCIAL PLAN
IN US \$

	<u>Year 1</u>	<u>Year 2</u>	<u>T O T A L</u>
Administrative Costs	130,000	130,000	260,000
Technical Assistance Costs	<u>120,000</u>	<u>120,000</u>	<u>240,000</u>
TOTAL	250,000	250,000	500,000
IESC Contribution: value of donated services	281,400	281,400	562,800
	<u>531,400</u>	<u>531,400</u>	<u>1,062,800</u>

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PROJECT DESCRIPTION

I. Title: IESC Technical Assistance to Businesses (TAB)

II. Project Objectives

The goal of the Cooperative Agreement is to increase equitable economic growth.

The purpose of the Cooperative Agreement is to assist Salvadoran private sector companies to become more productive, quality conscious, and cost efficient. This purpose will be accomplished through technical assistance to the cooperating companies in order to achieve expansion of business, increase in productivity and sales, improved competitiveness, technology transfer, and avoidance of business closures.

III. Project Activities

The beneficiaries of this Cooperative Agreement will be 40 Salvadoran private sector firms in the following industries: Agro and Food Industry; Leather and Shoes; Textiles and Apparel; Plastic, Paints, Inks, etc.; Pharmaceuticals; and Metal Mechanics. ASI is assisting industries in these six sectors to adapt their operations to the new economic conditions created by free market policies and the reduction of tariff protections.

IESC will work together with the Asociación Salvadoreña de Industriales (ASI) on its Industrial Reconversion Program for El Salvador. This Project helps private sector companies adapt to a more open and dynamic market and to survive and grow in a more competitive market where quality and efficiency are the keys for success. This Cooperative Agreement permits IESC to provide direct technical assistance in the sectors defined by ASI to companies jointly identified by ASI and IESC. Assistance to the leather/shoe and textiles/apparel industries by IESC using AID funds will be consistent with provisions in the Lautenberg Amendment.

During the Life of the Project, IESC will assist 40 companies in: Production, Administration, Marketing, Finance and Sales. Thirty companies will jointly be selected by ASI and IESC under the ASI program, and ten of the companies will be IESC's clients under the industrial sectors defined by ASI but not necessarily participants in the ASI reconversion program. These ten clients will be approved in writing by AID prior to delivery of the technical assistance.

Prior to assisting a firm using AID funds, IESC will conduct an analysis of the firm's technology, management, etc., to diagnose the problems which the IESC technical assistance will help solve. As part of this analysis, IESC will specify the planned benefits from the requested assistance. This will determine the number of jobs and/or dollars to be saved or increased, as well as any other benefits to occur as a result of its assistance. These benefits are expected to be additional profitability and additional jobs, or reduced costs and jobs not lost, due to changes in product mix, production methods, or improved administration.

Assistance to companies will be provided in the form of IESC retired executives, who volunteer their time but whose travel and per diem are borne by IESC under the Agreement. These executive volunteers carry out the tasks described in the Standard Workplan in order to assist the individual company to adapt itself to the less protected market place which has resulted from structural adjustment. Upon completion of the assistance period, the executive volunteer completes a Report of Assistance. This report summarizes the assistance, how it will improve performance of the company, and who the beneficiaries of the assistance are expected to be.

The level of the Project funding for Technical Assistance under the Standard Workplan will depend on the firm size. The IESC country director will use his discretion to fix the project funds apportioned to the company within these ranges:

Small:	40% to 60%
Medium and Large:	25% to 50%

For the purpose of this Cooperative Agreement, IESC will consider the size classification by annual sales of the assisted companies to be the same as used by ASI:

Small:	¢ 100,000.00; to 750,000
Medium:	¢ 750,001.00; to 2,000,000
Large:	¢ over 2,000,000