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"THIS IS A PRIMARY OBLIGATING DOCUMENT THAT IS NOT
PURSUANT TO A HANDBOOK 3 PROJECT AGREEMENT"



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

September 28 1994

Ms. Karen A. Harbert
Director
Latin American and Caribbean Programs
International Republican Institute
1212 New York Ave., N.W., Suite 900
Washington, D.C. 20005

Subject: Grant No. 527-0376-G-00-4367-00

Dear Ms. Harbert:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the United States Agency for International Development (hereinafter referred to as "USAID" or "Grantor") hereby grants to the International Republican Institute (herein after referred to as "IRI" or "Grantee"), the sum of \$366,902 to provide support for a multifaceted program to address Peru's democratic and political needs, as described in the Schedule of this Grant and Attachment 2, entitled "Program Description."

This Grant is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Grantee in furtherance of Program objectives during the period beginning with the effective date and ending June 30, 1995.

This Grant is made to IRI, on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1, entitled "Schedule," Attachment 2, entitled "Program Description," and Attachment 3 entitled "Standard Provisions," which have been agreed to by your organization.

Please sign the original and each copy of this letter to acknowledge your receipt of the Grant, and return the original and all but one copy to the Grant Officer.

Sincerely yours,

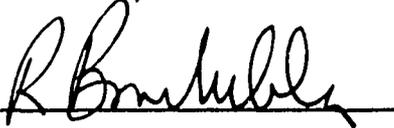

George A. Wachtenheim
Director

Attachments:

1. Schedule
2. Program Description
- ~~3. Standard Provisions~~
- ~~4. Special Provisions entitled "Restrictions on Lobbying"~~

ACKNOWLEDGED:

International Republican Institute

BY: 

Title: President

Date: October 25, 1994

FISCAL DATA

Allocation:

Appropriation: 72-113/41037

Budget Plan Code: LES3-94-25527-KG13

PIO/T No.: 527-0376-3-40089

Project No.: 527-0376

Total Estimated Amount: \$366,902

Total Obligated Amount: \$366,902

Funding Source: USAID/Peru

SCHEDULE

A. Purpose of Grant

The purpose of this Grant is to provide support for a multifaceted program to address Peru's democratic and political needs, as more specifically described in Attachment 2 to this Grant entitled "Program Description."

B. Period of Grant

The effective date of this Grant is the date of the Cover Letter and the estimated completion date of this Grant is June 30, 1995.

C. Amount of Grant and Payment

1. USAID hereby obligates the amount of \$366,902 for purposes of this Grant.

2. Payment shall be made to the Grantee in accordance with procedures set forth in Attachment 3 - Optional Standard Provision No. 2, entitled "Payment-Letter of Credit."

D. Financial Plan

The following is the Grant Budget, including local cost financing items, as authorized. Revisions to this budget shall be made in accordance with the Mandatory Standard Provision of this Grant entitled "Revision of Grant Budget."

GRANT BUDGET
 (U.S. Dollars)

ELEMENTS		USAID
1. Direct Labor (D.C. headquarters)		\$17,105
Regional Program Director (\$192 @10 days)	\$ 1,920	
Deputy Program Director (\$148 @ 10 days)	\$ 1,480	
Program Officer (\$135 @ 55 days)	\$ 7,425	
Program Assistant (\$80 @ 30 days)	\$ 2,400	
Program Resources (\$200 @ 5 days)	\$ 1,000	
Support Grant Management (\$192 @ 15 days)	\$ 2,880	
2. Fringe Benefits @ 43.8%		7,492
3. Consultant		15,008
In-country Local Staff (\$75 @ 174 days)	\$13,050	
In-country Fringe Benefits (15%)	\$ 1,958	
4. Travel & Per Diem		\$17,683
Travel for IRI staff		
4 Round trips - Washington/Lima (\$1,200 x 4)	\$ 4,800	
Per Diem, Lima, 28 days @ \$211	\$ 5,908	
Travel for IRI In-country representative		
1 Round trip - Washington/Lima	\$ 1,200	
Per Diem, DC 5 days @ 148	\$ 740	
Per Diem, outside Lima 15 days @ 114	\$ 1,710	
Rental of Automobiles (\$100 x 10 days)	\$ 1,000	
Airport tax (\$15 x 5 trips)	\$ 75	
Domestic Transportation	\$ 2,250	
5. Other Direct Costs		\$33,700
Supplies and Equipment \$ 8,500		
Office supplies - DC	\$ 1,000	
Office supplies - Lima	\$ 2,000	
Computer/Printer- Lima	\$ 3,000	
Fax - Lima	\$ 1,500	
Furniture rental/Lima office	\$ 1,000	
Communications & Postage \$10,200		
Telephone/Fax (\$450 x 8 mon.)	\$ 3,600	
Postage & Courier	\$ 1,800	
Lima Tel & Fax (\$600 x 8 mon.)	\$ 4,800	
Contractual Services \$15,000		
Program Audit	\$10,000	
Other Accounting/Audit serv.	\$ 5,000	
V. Indirect Cost @ 29.3%		\$26,659
VI. Subagreements/Other specific programs		\$249,255
Instituto de Economia de Libre Mercado	\$175,000	
Transparencia	\$ 40,000	
Universidad del Pacifico/INTERCAMPUS	\$ 15,000	
Party Poll Watcher Program (IRI)	\$ 19,255	
GRAND TOTAL		\$366,902

E. Reporting and Evaluation

1. Financial Reporting

a. Financial reporting requirements shall be in accordance with the Optional Standard Provision of this Grant entitled "Payment-Letter of Credit" as shown in Attachment 3.

b. IRI is required to maintain books and records in accordance with generally accepted accounting principles. IRI is also required to have an Audit based on OMB-Circular A133 audit concepts. Additionally, IRI, with funds provided under the Grant, will contract for a project specific audit.

c. The original and two copies of all financial reports shall be submitted to USAID/Peru, Office of the Controller, Larrabure y Unanue 110, Lima, 1, Peru.

2. Monthly Progress Reports

IRI will submit to the Office of Democratic Initiatives and Training, USAID/Peru, monthly progress reports five work-days after the end of each month. These reports will identify activities carried out during the previous period and any implementation problems and activities planned for the next period.

3. Special Reports

Between the required program performance reporting dates, events may occur that have significant impact on the program. In such instances, IRI shall inform the appropriate USAID/Peru Project Officer.

F. Indirect Cost Rate

Pursuant to the Standard Provision of this Grant entitled "Negotiated Indirect Cost Rates - Provisional (Nonprofits)," an indirect cost rate shall be established for each of the Grantee's accounting periods which apply to this Grant. Pending establishment of final or revised provisional indirect cost rates, provisional payments on account of allowable indirect costs shall be made on the basis of the following negotiated provisional rate applied to the base which is set forth below:

<u>Type</u>	<u>Rate</u>	<u>Base</u>	<u>Period</u>
Provisional Overhead	29.3	(1)	(2)

(1) Base of Application: Total direct costs

(2) Effective Date of Agreement until amended

G. Special Provisions

1. As set forth in Attachment 3, all Mandatory Standard Provisions for U.S. Nongovernmental Grantees apply to this Grant. Applicable Optional Standard Provisions are indicated on the Checklist in Attachment 3.

2. To assist in the implementation of the project, USAID from time to time will issue implementation letters furnishing additional information on requirements regarding matters stated in this Grant. Such letters shall not modify the terms of the Grant.

3. The USAID Project Officer is authorized to issue all approval documents which can clearly and reasonably be considered within the terms of this Grant as written.

4. Subagreements

IRI has the responsibility to obtain from subgrantees and those who work in collaboration with IRI in performance of this Grant, all data and rights necessary to fulfill IRI obligations under this Grant. If a subgrantee or collaborator refuses to accept terms affording the Government such rights, IRI shall promptly bring such refusal to the attention of USAID and not proceed without authorization from USAID.

5. Closeout Procedures

This section prescribes uniform closeout procedures for this Grant.

a. The following definitions shall apply for the purpose of this section:

1) Closeout: The closeout of a grant is the process by which USAID determines that all applicable administrative actions and all required work of the grant have been completed by the Grantee and USAID.

2) Date of Completion: The date of completion is the date on which all work under the Grant is completed or the date of the award document, or any supplement or amendment thereto, on which sponsorship ends.

3) Disallowed Costs: Disallowed costs are those charges to a Grant that USAID or its representative determines to be unallowable in accordance with the applicable Federal cost principles or other conditions contained in the Grant.

b. USAID closeout procedures include the following requirements:

1) Upon request, USAID shall make prompt payments to a Grantee for allowable reimbursable costs under the Agreement being closed out.

2) The Grantee shall immediately refund any balance or nobligated (unencumbered) cash that USAID has advanced or paid and that is not authorized to be retained by the Grantee for use in other Agreements.

3) In the event a final report has not been performed prior to the closeout of the Grant, USAID shall retain the right to recover an appropriate amount after fully considering the recommendations on questioned costs resulting from the audit.

H. Title to Property

Title to property acquired hereunder shall vest in the Grantee, subject to the requirements of Standard Provision of this Grant entitled "Title To and Use of Property (Grantee Title)." Disposition of property shall be in accordance with said optional provision.

I. Authorized Geographic Code

The Authorized Geographic Code under this Grant shall be the United States (000) and Peru (subject to the Standard Provision on Local Cost Financing).

PROGRAM DESCRIPTION

A. Introduction

The 1995 elections in Peru present a major opportunity to implement a multifaceted democratic and political education effort. Peru's democratic development needs are extensive. In most cases, Peruvian citizens lack understanding and appreciation for democracy and democratic principles. This lack of understanding extends to questions of citizens' rights and responsibilities in a democracy; the government's role, powers, and obligations; and democracy's effectiveness as a form of government. To address this challenge, IRI has submitted an unsolicited proposal to conduct a four-part program leading up to the elections. Activities will include democratic education, university-level voter education and mobilization, presidential debates, and political party pollwatcher training courses.

The International Republican Institute (IRI) plans to develop its projected activities in conjunction with three recognized Peruvian institutions: Instituto de Economia de Libre Mercado (IELM), Transparencia, and Universidad del Pacifico/Inter-Campus.

Through IELM -- a current subgrantee under a separate IRI project -- IRI will implement a program which addresses Peru's democratic and political educational needs, including the population's lack of understanding about what a functioning democracy means for them, and the importance of holding elected officials accountable for their actions.

In a complementary program of university-level voter education and mobilization, IRI will support activities of the recently-created NGO Transparencia, designed in particular for younger voters, a sector of the population that typically does not participate substantially in the political and electoral process. Transparencia will focus its efforts on university-level students in Lima and four provincial cities. The objectives will be to encourage participation in the political and electoral process by educating the targeted audiences in the meaning and value of democracy, the benefits of a functioning democratic system, and the means by which citizens can influence the process. The program will also seek to assist and encourage the student participants to mobilize their peers and others to participate in the electoral process.

IRI will work with INTER-CAMPUS at the Universidad del Pacifico to partially support at least one presidential debate that would be broadcasted via TV and radio throughout the country. Formal debates can provide an excellent means for comparing and contrasting the candidates and for assisting the electorate in making more informed, educated decisions of whom to support. The debate would be scheduled at an appropriate time during the campaign and would include the leading candidates, irrespective of how many there might be.

IRI will implement a party pollwatcher training program through training courses targeting party leaders and trainers, who would then use the information and knowledge gained in order to train their respective parties' own pollwatchers. Party pollwatchers are an important safeguard against fraud at the polling and counting sites.

IRI proposes to hire an in-country assistant to coordinate the various aspects of IRI's complementary activities as well as to work closely and cooperatively with other USAID-funded grantees (IFES, NDI, CAPEL). This local assistance will contribute to the efficient and effective conduct of its programs, with particular emphasis on the party pollwatcher training activities, which require frequent and extensive consultations with the intended beneficiaries. IRI understands that IFES will rent office space in Lima, which they have offered to share with NDI and IRI. Such an arrangement will save considerable financial resources by avoiding duplication of expenses.

B. Background

Among the Peruvian population, there is a lack of understanding and appreciation for democracy and democratic principles; citizens' rights and responsibilities in a democracy; the government's role, powers and obligations; and democracy's effectiveness as a form of government. As such, Peru has not yet formed a truly democratic society. The April 5, 1992 events by which President Fujimori restricted many civil liberties and dissolved Congress and the Judiciary on the grounds that these institutions were corrupt and ineffective confirm, further reflect Peru's incipient democracy.

Peru is in need of political education to assist the electorate in selecting a leader who will truly be held accountable to promises made. Although the population has often selected individuals democratically, it has been unable to hold its leaders accountable to the demands and needs of the populace. History shows that Peruvian leaders often have been chosen primarily on the basis of personality, rather than a platform of ideas for change. Similarly, political parties throughout their internal system of governance have followed much the same path in choosing their candidates with no regard for the general populace and issues facing Peru. Therefore, a clear definition of a platform and an educated voting population aware of its ability to hold elected leaders accountable to their platform will be a positive step in Peru's transition to democracy.

C. Project Objectives/Program Components

1. *Voter Participation and Education/Instituto de Economía de Libre Mercado (IELM)*

- Disseminate simple, yet central, ideas about the fundamentals of democracy utilizing the vast social communications media;
- Provide citizens and civic organizations with the basic elements to define standards for presidential and parliamentary candidates to encourage candidates to be more representative of the voting populace;
- Contribute to a campaign environment in which different opinions and viewpoints are expressed and seek reasonable support, as opposed to an atmosphere of political attack and antagonism; and
- Promote a more direct participatory political process in which the electorate comes to understand its rights of representation and the accountability of those elected.

2. *University level Voter Awareness and Mobilization/Transparencia*

- Encourage participation in the political and electoral process by educating target audiences about the meaning and value of democracy, the benefits of a functioning democratic system, and the means for citizens to influence the process;
- Educate a contingent of approximately 800 university-level students in electoral matters, training them in particular in the tasks that most closely match their abilities and areas of expertise; and,
- Mobilize a contingency of student participants and their contemporaries to participate in the electoral process.

3. *Presidential Debates/INTERCAMPUS/Universidad del Pacífico*

- Objectively inform the public of the nature of Peru's problems;
- Inform the public of the candidates' programs, as fully and directly as possible;
- Assist the public to consciously make responsible choices.

4. *Political Party Poll Watcher Training/IRI*

- Increase the ability of local party activists to monitor election day voting and ballot counting processes;
- Assist political parties in the principles of organizing a domestic poll watcher program; and
- Improve confidence in and transparency of the electoral process.

D. Project Implementation and Institutional Responsibilities

1. IRI Responsibility

IRI will assume full responsibility for all aspects of Program implementation. Under the program activities described in Section C, IRI will sign subagreements with IELM, Universidad del Pacifico/INTERCAMPUS and Transparencia to enable NGOs to carry out the implementing actions related to its multifaceted program. Notwithstanding these arrangements, IRI will continue to be fully responsible to USAID/Peru for the implementation of the following activities:

a. Voter Participation and Education/IELM

IRI, in cooperation with current subgrantee Instituto de Economia de Libre Mercado (IELM), will develop a multifaceted program, to address the aforementioned challenges that face Peru in its approaching elections. This part of the program will focus on the specific needs of Peru in the realm of democratic and political education. The program will consist of basic democratic education, in which materials and programs that are disseminated instruct the population on fundamental democratic principles. It will also consist of a political educational effort specifically oriented toward providing citizens with the tools to meaningfully evaluate the candidates, both presidential and congressional, and their platforms. The participation of the population in political, social and economic issues is instrumental to Peru's progress toward and transition to democracy.

First, IRI/IELM will produce five informational bulletins to be published in a national newspaper which will be distributed over a five week period. They will contain the following concepts: 1) that the basic formal element of democracy consists of the division and balance of powers and the idea of universal suffrage; 2) that democracy is the most effective form of government with the implementation of certain checks and balances; 3) the rights and responsibilities of citizens in a democracy, and why citizens should participate in the democratic process; 4) the practical significance of democracy for citizens; 5) an election is only one step in the formation of democracy, and 6) that democratic practice and popular participation will lead to increased opportunity to participate in the economic and social sectors of society.

IRI/IELM also will host focus groups which will meet in Lima, Arequipa, Cusco, Piura, and Iquitos. The goal of the focus groups will be to address the basic concerns of the electorate in Lima and throughout the provinces. It will be beneficial to distinguish which concerns are national and which are regional in order to form a comprehensive platform in which the candidates participate. IELM's intentions are to prevent the candidates from focusing on their own agendas and address the concerns of the electorate. This aspect will be coordinated during weeks six through 10 of the program.

Between the third and the sixth weeks, IRI and IELM in conjunction with APOYO S.A., will conduct a national survey to gain a nationwide perspective of issues concerning the general population. This would provide statistical results to coincide with the provincial meetings that will be taking place at approximately the same time.

With the results from the focus groups and the national survey compiled, IELM will have a clear idea of how to conduct the follow-up fora to be held in Lima and provinces. These "civic assemblies" will convene local authorities, university professors, political party activists, students, and labor union members. The sessions will last three hours and will include discussion of the survey results and focus group findings, as well as provide a forum for exchange with the panelists. Preparations to carry out these forums will start during week six and conclude at the end of the fifteenth week.

During weeks sixteen and seventeen, the findings of the civic assemblies will be published in simple, every-day language as an information-packet for the electorate. It will include well-phrased questions to pose to the candidates and a list of important issues the prospective candidate should address. The packets will then be distributed nationwide.

During weeks twelve through seventeen, IELM will arrange a series of meetings between the political party leaders and independent organizations in Lima. The goal of this segment is to compel these leaders to address the findings of the previous fora in conjunction with the national survey. The candidates will then have the knowledge to focus their platforms and develop a clear standing on issues pertinent to the electorate.

Lastly, during weeks fifteen through twenty-three, IELM will work to educate the general population on how to hold the candidates accountable for the platforms they have chosen. The information compiled throughout this activity will provide a base from which to compare the various presidential candidates. As a result of nearly six months of intensive research and analysis of Peru, IELM will have worked toward the schooling of the Peruvian electorate and its quest for a system of government that is more representative of the people.

b. University-level Voter Awareness and Mobilization/Transparencia

"Transparencia", a newly created NGO, will conduct weekend training seminars and workshops at four Lima and four provincial universities. Each of the eight training courses will host approximately 100 students. Transparencia envisions that the training will consist of six hours of intense, small group workshops, each of which will be led by an instructor selected by Transparencia. By means of speeches, audio-visual materials, and group discussion, the instructor will convey to the participants the fundamental points of the agenda.

The agendas will include instruction and discussion in the following areas:

- Citizen's rights and responsibilities in a democracy;
- Government's role, powers, and obligations in a democracy;
- Democracy's effectiveness as a form of government;
- Significance of voting in a democracy;
- Electoral provisions of the new Constitution;
- Evaluation of the 1990 general elections, the 1992 parliamentary elections, and the 1993 constitutional referendum, and their implications for the current electoral season;
- Candidates' platforms and the role of political parties;
- Role of the mass media in the electoral campaigns;
- How to guarantee the independence and transparency of the vote;
- Elections Boards and the Armed Forces

Each training weekend will commence with a plenary session, in which the fundamentals of representative democracy are discussed, and conclude with a similar session in which the principal points of the event are reviewed and examined. The organizing teams will synthesize the achievements of the sessions, with a view toward preparing educational and promotional materials that will be used in other aspects of Transparencia's work.

c. Presidential Debates/INTERCAMPUS/Universidad del Pacífico

Considering the enormous task facing Peru in the 1995 elections, due to the April 5, 1992 events and its ramifications, it is critical that the electorate have sufficient information in order to elect a candidate on an informed basis.

IRI will support the efforts of INTER-CAMPUS at the Universidad del Pacifico to offer a high-profile forum for the future candidates to debate topics concerning Peru and its national interests. INTER-CAMPUS has a well-deserved reputation for professionalism and impartiality. This private university hosted Peru's first presidential debate in 1990 between Alberto Fujimori and Mario Vargas Llosa. That event was very successful and widely credited for providing an important forum and opportunity for the two candidates to define their platforms and priorities.

In particular, IRI will finance the production and printing of debate-related materials, such as programs, invitations, guest packets, and other related materials. Furthermore, IRI will fund the publication and distribution of a post-debate booklet, which will contain a complete transcript of the debate. INTER-CAMPUS will distribute this publication widely throughout Peru in an effort to maximize its impact and create an enduring learning tool for the population. IRI will also provide partial funding for the actual debate, including support for auditorium and equipment rental.

Although not financing the entire event, IRI will work closely with INTER-CAMPUS to ensure that topics to be debated are framed in terms of the findings of the IELM-sponsored focus groups and the national survey. This will provide for natural and logical continuity between these two elements. This debate could prove to be an integral part in the build up to the national elections as it did during the last election cycle, when, prior to the INTER-CAMPUS debate, Fujimori was a relatively unknown candidate. In the event that the candidates choose not to participate, the debate will still be held with each of the candidates' campaign managers addressing the issues that face Peru. This would represent a last resort option. This debate shall serve as a mechanism to inform the general populace of the goals of each of the candidates seeking election.

(Note: USAID understands that INTER-CAMPUS will seek additional funds from other sources in order to secure the necessary overall financial resources for a successful event.)

d. Political Party Poll Watcher Training/IRI

The political parties are responsible for recruiting and training their respective poll watchers. USAID believes that Peru's electoral system would benefit from more adequately prepared poll watchers. IRI will develop a series of three one-day seminars to be held in Lima to study the published electoral guide book to be developed by the International Foundation for Electoral Systems in coordination with the National Elections Board.

The seminars will be used as a means to teach interested political parties within Peru how to prepare poll watchers to adequately perform their duties. It is important to disseminate this information through the parties because poll watcher training is a function that is rightly theirs, and therefore, even if only modestly, such training could help to further institutionalize the parties. These seminars will be held during early 1995 in order to provide enough time for the political parties to implement what they have learned and use the training to train other poll watchers around the country.

IRI will send official invitations to the political parties asking them to send the individuals who will be responsible for training their respective poll watchers. The invitations will detail the agenda that will be covered during the seminar. IRI will provide a two-member team that will instruct the participants. This team will consist of a Peruvian and another Latin American who is familiar with electoral law and the situation facing Peru.

The seminars will focus on:

- The purpose of Poll Watching
- Activities Prior to Election Day
- Who is present at a Polling site
- Rights of the Poll Watcher
- Duties of a Poll Watcher
- Activities on Election Day
- Ballot Counting
- Ballot Security

The purpose of the seminars will be to equip the political parties with the teaching mechanisms necessary to provide the participants with practical guidelines to train poll watchers for the upcoming presidential elections.

Additionally, IRI will make the necessary arrangements to assure effective coordination with other international NGOs participants in the Elections Assistance Project (527-0376) as well as the Peruvian National Elections Board and USAID/Peru. For this purpose, IRI will assign an individual to be the principal contact with the USAID/Peru Election Support Project Manager.

2. USAID Project Monitoring and Management

The Office of Democratic Initiatives and Training (ODIT) will assume overall responsibility for project management within USAID/Peru. The Division Chief or his/her designee will serve as the Project Manager and will be responsible for overall Project coordination and monitoring. The Project Manager will be assisted by a Personal Services Contractor (PSC) Project Coordinator. The major responsibility of the Project Coordinator will be to monitor and coordinate the terms of the Grant ensuring compliance with Project objectives and USAID procedures, and maintain an ongoing USAID relationship.

3. Financial Management

Prior to disbursement of funds under the Grant, the IRI will submit for USAID review and approval a detailed work plan of activities to be carried out, including the objectives pertaining to its overall elections support to Peru.