



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

MAY 1 1993

Mr. William W. Weston
President
Foundation Francisco Marroquin
4832 S.E. Anchor Avenue
Stuart, Florida 34997

Subject: Cooperative Agreement No. LAG-0774-A-00-3008-00

Dear Mr. Weston:

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 Foundation Francisco Marroquin (hereinafter referred to as "FFM" 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."

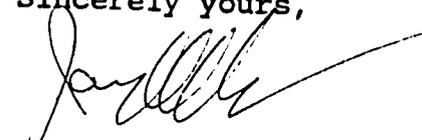
This Cooperative Agreement is effective as of the date of this letter and funds obligated hereunder shall be used to reimburse the Recipient for allowable program expenditures for the period set forth in Section 1B. of Attachment 1 of this Cooperative Agreement.

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.

If you have any questions, please contact Ms. Sharon M. Halvosa of my staff at (703) 875-1220.

Sincerely yours,



Jay M. Bergman
Agreement Officer
Chief, LA Branch
Division B
Office of Procurement

Attachments:

1. Schedule
2. Program Description
- ~~3. Standard Provisions~~

ACKNOWLEDGED:

FOUNDATION FRANCISCO MARROQUIN

BY: William W. Weston

TYPED NAME: William W. Weston

TITLE: President

DATE: May 27, 1993

FISCAL DATA

A. GENERAL

- A.1. Total Estimated A.I.D. Amount: \$689,284
- A.2. Total Obligated A.I.D. Amount: \$689,284
- A.3. Cost-Sharing Amount (Non-Federal): \$-0-
- A.4. Other Contributions (Federal): \$-0-
- A.5. Project No.: 598-0774
- A.6. A.I.D. Project Office: LAC/DR/EHR, Marilyn J. Arnold
- A.7. Funding Source: A.I.D./W
- A.8. Tax I.D. No.: 95-330-3550
- A.9. CEC No.: 61-025-559J
- A.10. LOC No.: 72-00-1587

B. SPECIFIC

- B.1.(a) PIO/T No.: 598-0774-3-365-2023
- B.1.(b) Appropriation: 72-1131021.1
- B.1.(c) Allotment: 341-65-598-00-69-31
- B.1.(d) BPC: LDVA-93-35598-KG12
- B.1.(e) Amount: \$689,284

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

The effective date of this Cooperative Agreement is May 01, 1993 and the estimated completion date is April 30, 1998. 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 during such period. Funds obligated hereunder are anticipated to be sufficient for completion by the Recipient of the program described in Attachment 2 of this Cooperative Agreement by the estimated completion date.

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. above, is \$689,284.

1C.2. A.I.D. hereby obligates the amount of \$689,284 for the purposes of this Cooperative Agreement during the indicated period set forth in Section 1B. above, thereby fulfilling A.I.D.'s funding requirements. 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."

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.

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

<u>Cost Element</u>	<u>Total</u>
LATIN AMERICAN TRAINING	
Education Training	\$134,398
Allowances	281,698
Travel	18,423
Insurance	8,433
Supplemental Activities	<u>11,499</u>
Subtotals	\$454,450
U.S. TRAINING - PH.D.	
Education Training	46,118
Allowances	50,134
Travel	1,879
Insurance	7,152
Supplemental Activities	<u>6,232</u>
Subtotals	\$111,514
ADMINISTRATION COSTS	
Salaries and Benefits	82,065
Travel	4,800
Indirect Cost	<u>36,456</u>
Subtotals	\$123,320
TOTAL PROJECT COSTS	\$689,284

1.D.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. If a Standard Form 269 is required by the aforesaid Standard Provision, the "Long Form" of said form shall be used.

1E.1.(b) All financial reports shall be submitted to A.I.D., Office of Financial Management, FA/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) Reserved

1E.2.(b) Reserved

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., POL/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.(d) Training Reports

If the Standard Provision entitled "Participant Training" applies to this Cooperative Agreement (see Section 1K. for applicability), the Recipient shall comply with reporting and information requirements of the Standard Provision of this Cooperative Agreement entitled "Participant Training," as well as Chapters 5 and 24 of A.I.D. Handbook 10.

1E.2.(e) Final Report

Within 90 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., POL/CDIE/DI, Washington, DC 20523-1802. It will cover the entire period of the Cooperative Agreement and include all information shown 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. Participant Selection - The Foundation Francisco Marroquin will provide approval of the participant selection with the coordination of USAID/El Salvador and LAC/DR/EHR, Marilyn J. Arnold.

1F.2. Principal Personnel - The principal officer of the Recipient hereunder is Dr. Arnold C. Harberger who shall be the Academic Director of this program. Should Dr. Harberger's direct participation in the conduct of work under this Cooperative Agreement cease, or diminish to the point that is judged by A.I.D. to endanger the successful performance of the program, such event will be sufficient reason for termination "for cause" in accordance with the attached Mandatory Standard Provision entitled "Termination and Suspension".

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)(1) of the Standard Provision of this Cooperative Agreement entitled "AID Eligibility Rules for Goods and Services," concerning total procurement value of less than \$250,000 under this Cooperative Agreement. If, under the order of preference set forth in paragraph (b)(1)(i) of said Standard Provision, the Recipient procures goods or services from cooperating country sources, the Standard Provision of this Cooperative Agreement entitled "Local Cost Financing" shall also apply. However, paragraph (b)(1) of the Standard Provision entitled "AID Eligibility Rules for Goods and Services" does not apply to: the restricted goods listed in paragraph (a)(3) of said Standard Provision and paragraph (e) of the Standard Provision entitled "Local Cost Financing," which must be specifically approved by the Agreement Officer in all cases, except to the extent that such approval may be provided in Section 1X. below; or to paragraph (d) of said Standard Provision pertaining to air and ocean transportation, to which the Standard Provisions entitled "Air Travel and Transportation" and "Ocean Shipment of Goods" apply, respectively. Paragraph (b)(2) of the Standard Provision entitled "AID Eligibility Rules for Goods and Services" does not apply.

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," an indirect cost rate or rates shall be established for each of the Recipient's accounting periods which apply to this Cooperative Agreement. 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(s) applied to the base(s) which is (are) set forth below:

<u>Type</u>	<u>Rate</u>	<u>Base</u>
Off-Campus/Off-Site	<u>7%</u> %	<u>1/</u>

1/ Base of Application: Direct Costs Excluding A.I.D./ASHA Office Grants

1I. SPECIAL PROVISIONS

1I.1. Limitations on Reimbursement of Costs of Compensation for Personal Services and Professional Service Costs

1I.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.

1I.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.

1I.2. Reserved

1I.3. Reserved

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):

N/A

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.

1J. RESOLUTION OF CONFLICTS

Conflicts between any of the Attachments of this Cooperative Agreement shall be resolved by applying the following descending order of precedence:

- Attachment 1 - Schedule
- Attachment 3 - Standard Provisions
- Attachment 2 - Program Description

1K. 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:

**1K.1. Mandatory Standard Provisions For U.S.,
Nongovernmental Grantees**

- (X) Allowable Costs (November 1985)
- (X) Accounting, Audit, and Records (August 1992)
- (X) Refunds (September 1990)
- (X) Revision of Grant Budget (November 1985)
- (X) Termination and Suspension (August 1992)
- (X) Disputes (August 1992)
- (X) Ineligible Countries (May 1986)
- (X) Debarment, Suspension, and Other Responsibility
Matters (August 1992)
- (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)
- (X) Metric System of Measurement (August 1992)

**1K.2. Additional Standard Provisions For U.S.,
Nongovernmental Grantees**

- (X) OMB Approval Under the Paperwork Reduction Act (August 1992)
- (X) Payment - Letter of Credit (August 1992)
- () Payment - Periodic Advance (January 1988)
- () Payment - Cost Reimbursement (August 1992)
- (X) Air Travel and Transportation (August 1992)
- (X) Ocean Shipment of Goods (August 1992)
- (X) Procurement of Goods and Services (November 1985)
- (X) AID Eligibility Rules for Goods and Services (August 1992)
- (X) Subagreements (August 1992)
- (X) Local Cost Financing (August 1992)
- (X) Patent Rights (August 1992)
- (X) Publications (August 1992)
- () Negotiated Indirect Cost Rates - Predetermined (August 1992)
- (X) Negotiated Indirect Cost Rates - Provisional (Nonprofits) (August 1992)
- () Negotiated Indirect Cost Rates - Provisional (Profits) (August 1992)
- (X) Regulations Governing Employees (August 1992)
- (X) Participant Training (August 1992)
- () Voluntary Population Planning (August 1986)
- () Protection of the Individual as a Research Subject (August 1992)
- () Care of Laboratory Animals (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) (August 1992)
- (X) Use of Pouch Facilities (August 1992)
- (X) Conversion of United States Dollars to Local Currency (November 1985)
- (X) Public Notices (August 1992)
- (X) Rights in Data (August 1992)

ATTACHMENT 2

PROGRAM DESCRIPTION

The Recipient's proposed Program Description dated May 3, 1993 is attached hereto as the Program Description (Attachment 2) and is made a part of this Cooperative Agreement.

ATTACHMENT 2

PROJECT DESCRIPTION

A. BACKGROUND

Sound economic policy is essential to a country's ability to achieve self-sustained economic growth. Technical assistance can help countries design and implement better economic policies, but there is no substitute for a country's having a cadre of its own highly-trained citizens who are capable of designing and implementing economic policy on its behalf. Although the establishment of adequate policy framework in recipient countries is central to A.I.D.'s strategy (as well as to the strategy of other Western multilateral and bilateral donors), up to now A.I.D. has not addressed the critical shortage of well-trained economists in a unified manner.

Broad-based economic growth in Latin American countries will depend on the ability of those countries to define and implement coherent economic policies, and doing so requires increased numbers of economists who understand the international market economy and who are capable of using modern methods of economic analysis.

Increasing rapidly the number of economists in countries where A.I.D. has bilateral programs presents special problems because students from those countries are typically ill-prepared academically for graduate work in economics in the United States. Most cannot, moreover, be trained in English in the absence of additional language training. However, these students are excellent candidates for undergraduate training in economics at qualified institutions in Latin America, and there are, fortunately, such institutions.

In the 1960's and 1970's, a number of faculties of economics in Latin America received support from A.I.D., the Ford Foundation and other U.S. institutions and were able to use that assistance to strengthen their academic programs substantially. These institutions subsequently produced graduates who excelled in the most rigorous academic programs in the U.S., and who now are known internationally for their work in academia as well as for the key roles they have played in the design and implementation of coherent economic policies in the region.

Among the best of these faculties in Latin America, two have

been chosen as pre-PhD training centers for this project:

The Autonomous Technological Institute of Mexico (ITAM)
The Pontifical Catholic University of Chile (PUCC)

B. OBJECTIVES

1. Project goal: To improve economic policy analysis and implementation in El Salvador.

2. Project purpose: To improve El Salvador's supply of citizens who are well trained in modern economics in the expectation that they will have a significant impact on the quality of economic policy analysis and implementation in their country.

A good example is the way that Chile's economic ministries have benefitted from the pool of well-trained economists produced by the economics programs established at PUCC and the University of Chile.

Or the role that ITAM has played in producing talent relied upon by the Salinas administration in shifting policy gears in Mexico.

Programs of USAID/El Salvador that involve economic policy analysis will be enhanced and strengthened as the pool of returned participants grows.

3. Project outputs: Eleven individuals trained at the pre-PhD level at two Latin American universities--the Pontificia Universidad Católica de Chile (PUCC) and the Instituto Tecnológico Autonomo de México (ITAM)--and one individual trained at the PhD level at a U.S. university chosen for the high quality of its PhD program, the special emphasis it gives to the training of policy-makers, and its suitability for building on the particular strengths and interests of the selected trainee.

C. TRAINING IN LATIN AMERICA

The centers chosen for Latin American training are recognized not only for the level of their academic performance, but also for the network of professors and academic officials trained at the University of Chicago and other U.S. universities who now hold key positions within the economic programs of these institutions. This network of influential professionals has worked closely with Foundation Francisco Marroquin from the start-up of the Advanced Training in Economics Program in the spring of 1989, through the addition of the Costa Rica Project in the fall of 1991, and now the El Salvador Project.

1. The recruiting/selecting process. USAID/El Salvador and Foundation Francisco Marroquin (FFM) will both be involved in recruiting and selecting candidates. FFM will equip the Mission with an application form and with literature and posters for distribution to likely sources of candidates: universities, government ministries, quasi-governmental development organizations, banks, etc. At the same time, FFM will put out the word through organizations and individuals in El Salvador that it deals with on other programs.

For candidates, USAID/El Salvador will be the source of application forms and will receive and screen applications, eliminating from further consideration all candidates who are deemed by the Mission to be ineligible on grounds other than academic achievement and promise; e.g., ineligible on grounds of privilege.

Following its screening, the Mission will send all applications that have received its preliminary approval to FFM and will have no further responsibility until FFM seeks its cooperation in rounding up a block of applicants for personal interviews.

In the meantime, FFM will have contacted the applicants and obtained additional information about them for desk review by its academic director for economics, Professor Arnold C. Harberger.

Following the desk review, FFM will provide guidance to candidates on applying for admission, and will make arrangements to have the preferred training center administer its entrance exam.

Once or twice a year, when candidates have been assembled by the Mission at FFM's request, Professor Harberger will travel to San Salvador and personally interview every eligible candidate.

Candidates who are finalists will be those who have been admitted by the recommended training center. From among them, based on his interviews and all of the information gathered for his review, Professor Harberger will approve candidates.

Upon that approval, FFM will ask assistance from the Mission in (a) scheduling a physical exam and security check and (b) informing FFM of the results.

For candidates who receive medical and security clearance, FFM will prepare PIO/P forms and submit them for signature of the Project Manager, Marilyn J. Arnold, at LAC/DR/EHR, Washington. At the same time, FFM will send the participant a letter addressed to the consul of the third country where training will take

place. The participant can use this letter in conjunction with the training center's acceptance letter in applying for a student visa.

2. Monitoring and Reporting. FFM has in place reporting and monitoring systems necessitated by the start-up of the LAC regional ATIE program in the spring of 1989. These systems will apply equally to the El Salvador ATIE Project. Included are monthly, quarterly, semi-annual and annual reports:

a. Monthly financial status report to the A.I.D. Office of Financial Management, Washington, with copies to LAC/Washington and to USAID/El Salvador.

b. Quarterly financial and program report to A.I.D./ Washington and to USAID/El Salvador for review by the Project Manager and the Mission project coordinator.

c. Term reports and annual rankings of academic performance by the training centers, including submission of the Academic Enrollment and Term Report (A.I.D. 1380-68) on a regular and timely basis. These reports are reviewed and commented upon by Professor Harberger who may, when desirable, be in direct touch with the participant or his faculty advisor, or both. Copies of the AETR reports and summaries of other information concerning participant performance are shared with the Mission on a regular basis.

In addition to formal reports, FFM has found from its experience with the ATIE program that consulting and sharing information informally with responsible A.I.D. executives at all levels is mutually helpful.

D. TRAINING IN THE U.S.

This project contemplates PhD training for one participant. This individual will have to be approved by the summer of 1994 in order that completion of his/her training by September 30, 1998 can be assured. Possible candidates include Salvadorean students whose undergraduate degrees were earned with scholarship support in the U.S.; ATIE applicants for pre-PhD training who are discovered to have exceptional potential; a wild card.

To have a PhD participant approved by the end of June 1994, the pool of candidates must be identified by December 1993. They must take the December GRE and TOEFL tests and apply for admission to recommended programs that month in order to meet university application deadlines for entry in the fall of 1994.

If no eligible applicant with sufficient promise can be approved by June 1994, it is FFM's position that funds designated

for PhD training should be used instead to support additional participants in pre-PhD training.

This project description and accompanying budget have been prepared and are submitted on the assumption that the PhD candidate will be approved by the end of June 1994.

Selection, preparation, monitoring and reporting procedures for the participant chosen for U.S. training will follow the pattern described in C., above, with one additional duty imposed upon the Mission: assistance to the participant in obtaining a student visa.

E. ADMINISTRATION

The project will be managed by Foundation Francisco Marroquin (FFM), a non-profit institution organized as a charitable corporation under the laws of the State of California in 1980 for the purpose of encouraging and supporting scholarship and education in market economics throughout Latin America. Subsequently the Advanced Studies Division of the Foundation was established by resolution of its Board of Trustees to focus and direct training programs for Latin American students in the fields of economics and administration. Two co-directors, one for economics and the other for administration, head the division and are responsible for the academic direction of training programs managed by FFM. The handling of funds, communications, and all other aspects of administration are the responsibility of the president of FFM and his staff.

FFM is classified by the IRS as a 170(b)(1)(A)(vi) and 509(a)(1) organization, exempt under section 501(c)(3) of the IRS Code.

FFM has been the recipient of grants totaling approximately \$8 million from A.I.D.'s Office of American Schools and Hospitals Abroad for campus construction in Guatemala.

In 1989 FFM entered into a cooperative agreement with A.I.D. to develop and manage for the Latin American/Caribbean bureau a graduate training program in economics for citizens of A.I.D.-assisted countries. Under this agreement, 97 participants were enrolled, including eight participants in PhD training in the U.S. As of March 31, 1993, 23 participants had completed their programs; 69 were in school, 15 of them having completed all classwork and were soon to graduate; three were targeted to start in 1993 and 1994. The final graduates will finish in 1998. In 1991 a favorable evaluation report on this project and FFM's management of it was issued (see "Advanced Training in Economics (ATIE) Project Evaluation).

In August 1991, the aforementioned cooperative agreement was amended to reflect the decision of USAID/Costa Rica to commit \$2.8 million of its training funds to the ATIE program. The Mission targeted training in economics at the pre-PhD level for 21 and at the PhD level for 9, and requested that FFM arrange MBA training in the U.S. for 9.

Funds made available by USAID/Costa Rica are managed and accounted for separately by FFM. As of March 31, 1993, the Costa Rica project had enrolled 21 participants, including two PhD's and three MBA's; two more participants were scheduled to start, and 17 others were targeted.

1. Key personnel.

FFM's project administration and implementation team for the proposed El Salvador project will consist of Professor Arnold C. Harberger as Academic Director; William W. Weston as Administrative Director; and Rosa N. Gutierrez as project manager.

a. As academic director, Professor Harberger will:

- ▶ Assume a key leadership role in the approval of participants.
- ▶ Review and approve the yearly plans for recruitment of candidates and make final decisions on their placement.
- ▶ Visit the participating institutions at least once a year and discuss, review, and make recommendations as necessary on the program content with key officials of the participating Latin American faculties.
- ▶ Maintain contact, through seminars and conferences, with the U.S. university training the PhD participant.
- ▶ Maintain collaboration with professors at the participating Latin American training centers as required for their ongoing research and other professional endeavors.

b. As administrative director, Mr. Weston will ensure compliance with applicable A.I.D. rules and regulations. He will be responsible, among other things, for:

- ▶ Establishing FFM procedures for administration of the project.
- ▶ Establishing and maintaining a separate bank account for the project.

- ▶ Preparing budgets, the timely filing of required reports, and arranging for an annual A-133 audit by an independent public accounting firm.

- ▶ Monitoring all aspects of the implementation of the project, guiding the resolution of non-academic problems as they arise, and arranging with the appropriate academic co-director for the resolution of academic problems.

- ▶ Representing FFM in communicating and dealing with other organizations and institutions, private and public.

- ▶ Tracking career progress of participants following their separation from the project.

c. As project manager, Mrs. Gutierrez will:

- ▶ Establish close relationships with all participants and look after their needs, as for example purchasing books that are not available in the third countries where they are being trained; insuring that visas are renewed on a timely basis; informing them of opportunities and reminding them of duties; backstopping the erratic Office of International Training system for equipping participants with health insurance identification cards; etc.

- ▶ Gather information required for, and prepare, all forms and reports requisite to the implementation of the project.

- ▶ Calculate required amounts and provide necessary funds to cover tuitions, participant allowances, third country medical insurance premiums, and mandatory HAC insurance for the participant in U.S. training.

- ▶ Establish and maintain records of all financial transactions.

- ▶ Make reservations for necessary airline travel for participants, order tickets, and disburse travel funds.

- ▶ For the participant in U.S. PhD training, prepare necessary IRS tax forms and draw checks in payment of required taxes.

- ▶ Establish and maintain records of participant academic performance, and serve as liaison between and among FFM's academic director, FFM's administrative director, the participants, the A.I.D. project manager, the A.I.D. Office of International Training, USAID/El Salvador, and the training centers.

F. COORDINATION WITH USAID/EL SALVADOR

USAID/El Salvador will participate in the recruitment process for both the pre-PhD and PhD components of the program. The Mission will distribute posters and an informational pamphlet on the project, hand out application forms to interested persons and receive completed applications, review applications to filter out from further consideration individuals who are judged to be ineligible on grounds of financial or political privilege, and refer the remainder to FFM, and recommend likely candidates for inspection by FFM's academic director. At FFM's request, the Mission will notify named applicants to assemble for personal interviews with FFM's academic director, and will make a room or rooms available for interviews. The Mission economist will monitor the selection process to assure that it is being adequately carried out. The Mission will also assist FFM by informing potential candidates of times and places for GRE and TOEFL testing, arrange for medical exams and security clearance for individuals recommended by FFM for approval as ATIE participants and, in the case of the chosen PhD participant, provide also assistance in obtaining a student visa for study in the U.S. Finally, the Mission, with the assistance of FFM, will have an important role in tracking the careers of graduates upon their return to El Salvador.

G. REPORTS AND DELIVERABLES

1. Documents and periodic reports. FFM will supply LAC/DR/EHR and the Mission Project Manager with the following:

a. A draft Training Plan for the Life-of-Project will be submitted to the Mission and to LAC/DR/EHR within 30 days of signing this agreement. Following their review, LAC/DR/EHR will return a modified draft to FFM. Fifteen working days after receipt of the corrected draft, FFM will provide the Mission with six copies of the final product in English.

b. Multiple copies of a printed brochure and a poster, both in the Spanish language, to be used in informing interested persons about the El Salvador ATIE project.

c. Quarterly progress and financial expenditure reports by the 15th business day following the end of each FY quarter..

d. Immediate reports of problems requiring Mission or LAC/DR/EHR attention.

e. Copies of Academic Enrollment and Term reports on each participant, with comments on his/her progress by FFM's academic director.

f. Copies of letters or memos notifying participants of actions affecting them.

2. Evaluations/Audits. A mid-program evaluation will be conducted by an independent evaluator at a time determined by the Mission project manager and the LAC/DR/EHR project manager. The evaluation will not be funded out of this Cooperative Agreement.