

United States Agency for
International Development (USAID)
Quito, Ecuador



Agencia de los Estados Unidos para
el Desarrollo Internacional (USAID)
Quito, Ecuador

September 24, 1993

Mr. Marco A. Encalada
CORPORACION OIKOS
Calle Luxemburgo 172 y Holanda
Quito, Ecuador

SUBJECT: Grant No. 518-0117-G-00-3320-00

Dear Mr. Encalada:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A.I.D." or "Grantor") hereby grants to Corporacion OIKOS (hereby referred to as "OIKOS" or "Grantee"), the sum of \$300,000 to support the Grantee's effort to increase Ecuadorians' awareness of ecological issues, by encouraging leaders and the public in general to change attitudes and practices with regard to industrial and agricultural production processes, and social, political and cultural structures that impact negatively on the environment and natural resources, as more fully described in the Schedule of this Grant and in 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 approximately September 23, 1994.

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

BEST AVAILABLE DOCUMENT

DUPLICATE
ORIGINAL

INTERNATIONAL MAIL ADDRESS: U. S. AID Mission to Ecuador - c/o American Embassy - Quito, Ecuador
U. S. MAIL ADDRESS: USAID, AMEMBASSY QUITO, UNIT 5330 - APO AA 34039 - 3420
FAX NUMBER (593 2) 561 228 PHONE NUMBER (593 2) 521 100

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Please sign the original and each copy of this letter to acknowledge your receipt of the Grant. Return the original and all other copies to the Regional Contracting Office, Quito, Ecuador, but keep one for your files.

Sincerely yours,

John A. Sanbrailo
John A. Sanbrailo
Mission Director

Attachments:

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

ACKNOWLEDGED:

CORPORACION OIKOS

BY:

[Signature]

Signature

NAME:

TITLE:

DATE:

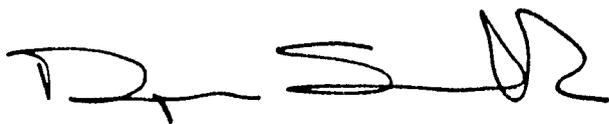
FISCAL DATA

| | | |
|-------------------------|---|---------------------|
| PIO/T No | : | 518-0117-3-30114 |
| Project No | : | 518-0117 |
| Appropriation | : | 72-1131021 |
| Budget Plan Code | : | LDVA-93-25518-EG13 |
| Reservation Control No. | : | P300150 |
| Total Estimated Amount | : | \$300,000 |
| Total Obligated Amount | : | \$300,000 |
| Technical Office | : | ANRO, USAID/Ecuador |

**FUNDS AVAILABLE
ACCOUNTING OFFICE**

BEST AVAILABLE DOCUMENT
 Date: 09/21/93
 By: [Signature] Adm Rsv.

TESTIGO DE HONOR



Econ. Roque Sevilla Larrea

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SCHEDULE

A. Purpose of Grant

The purpose of this Grant is to support the Grantee's efforts in the strengthening of the Environmental Education and Technology Project (EDUCAR), 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 on the cover letter. The expiration date of this Grant is September 23, 1994.

C. Amount of Grant and Payment

1. The total estimated amount of this Grant is \$300,000.
2. AID hereby obligates the amount of \$300,000 for program expenditures, as shown in the grant budget below.
3. Payment shall be made to the Grantee in accordance with procedures set forth in Attachment 3, Optional Standard Provision, No. 1 entitled "Payment - Periodic Advance." Most disbursements will be made in local currency. Local cost financing is therefore authorized.

D. Grant Budget

The following is the grant budget, including local cost financing items. Revisions to this budget shall be made in accordance with Standard Provision of this Grant, entitled "Revision of Grant Budget." The total obligated amount shall not be exceeded.

(See next page)

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GRANT BUDGET
(US DOLLARS)1. USAID CONTRIBUTION

| | | |
|----|---|--------------------|
| A. | Institutional Development | \$ 92,700 |
| B. | Studies and Tests for Technology Transfer | 54,100 |
| C. | Environmental Education in Schools and through the Mass Media | 85,375 |
| D. | Equipment | 18,000 |
| E. | Evaluation | 6,000 |
| F. | Audit | 4,000 |
| G. | Overhead (15%) | <u>39,825</u> * |
| | SUBTOTAL AID CONTRIBUTION | \$300,000 ===== |

2. COUNTERPART CONTRIBUTION

| | | |
|----|---|--------------------|
| H. | CEPEIGE | 10,000 |
| I. | Radio and T.V. | 73,668 |
| J. | Municipalities | 5,000 |
| K. | Industries | 5,000 |
| L. | NGOs | 3,000 |
| M. | Information Centers | <u>3,332</u> |
| | SUBTOTAL COUNTERPART CONTRIBUTION | \$100,000 ===== |
| | TOTAL USAID AND COUNTERPART CONTRIBUTION | \$400,000 |

* See Section F. Special Provisions.

E. Reporting1. Financial Reporting

- a. Financial reporting requirements shall be in accordance with the Standard Provision of this grant entitled "Payment-Periodic Advance (November 1985)" as shown in Attachment 3.
- b. The original and two copies of all financial reports shall be submitted to USAID, Office of the Controller. In addition, one copy of all financial reports shall be submitted to the Technical Office, USAID/Ecuador - ANRO.

- c. With respect to the above payment provisions, the USAID/Ecuador Controller's Office reserves the right to require original receipts in support of all expenditures.

2. Program Performance Reporting

- a. The Grantee shall submit monthly program performance reports, and a final report which briefly presents the following information:

- (a) A comparison of actual accomplishments with the goals established for the period.
- (b) Between the required performance reporting dates, events may occur that have significant impact upon the program. In such instances, the Grantee shall inform USAID as soon as the following types of conditions become known:

Problems, delays, or adverse conditions that will materially affect the ability to attain program objectives, or prevent the meeting of time schedules and goals. This disclosure shall be accompanied by a statement of the action taken, or contemplated, and any USAID assistance needed to resolve the situation.

Favorable developments or events.

Other pertinent information, including when appropriate, analysis and explanation of cost overruns or high unit costs.

- b. If any performance review conducted by the grantee discloses the need for change in the budget estimates in accordance with the criteria established in the Standard Provision of this Grant entitled "Revision of Grant Budget", the Grantee shall submit a request for budget revision.
- c. Three copies of each performance report shall be submitted to USAID/Ecuador, Attention: ANRO and one copy to the Grant Officer.

F. SPECIAL PROVISIONS

- 1. No disbursements under the grant will be effected until:

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- a. The Accounting and Administrative Procedures Manual is fully completed and submitted to USAID/Ecuador for comment and subsequent approval.
 - b. The Grantee submits a detailed contribution plan which indicates specific anticipated sources and the timing of those contributions.
2. Within 60 days after grant execution the Grantee will submit a specific indirect proposal to USAID/Ecuador which will provide a basis for either confirming the current provisional rate included in the grant document, or will provide a basis for incorporating changes acceptable to USAID/Ecuador.
 3. All local staff will be paid in local currency. Equivalent U.S. Dollar salary level is being determined based upon the exchange rate in effect on the date this Agreement is executed. Only one salary increase per annum is allowable.
 4. Local Cost Financing
 - a. Costs qualifying as local costs are eligible for financing under the grant in accordance with the terms of this special provision. Local costs are defined as (i) indigenous goods, (ii) imported shelf items, and (iii) services provided by suppliers meeting the requirements contained in subparagraph b. Indigenous goods are those that have been mined, grown or produced in the cooperating country through manufacture, processing or assembly. In the case of produced goods containing imported components, to qualify as indigenous a commercially recognized new commodity must result that is substantially different in basic characteristics or in purpose or utility from its components. Imported items are eligible for financing under the following situations:
 - (1) All locally financed procurements must be covered by source/and nationality waivers as set forth in Chapter 5 of Handbook 1, Sup. B, with the following exceptions:
 - (a) Locally available commodities of U.S. origin, which are otherwise eligible for financing, if the value of the transaction is estimated not to exceed the local currency equivalent of \$100,000 (exclusive of transportation costs).

- (b) Commodities of geographic code 935 origin if the value of the transaction does not exceed \$5,000.
 - (c) Professional services contracts estimated not to exceed \$250,000.
 - (d) Construction services contracts estimated not to exceed \$5,000,000.
 - (e) The following commodities and services which are available only locally:
 - Utilities including fuel for heating and cooking, waste disposal and trash collection;
 - Communications --telephone, telex, fax, postal and courier services;
 - Rental costs for housing and office space;
 - Petroleum, oils and lubricants for operating vehicles and equipment;
 - Newspapers, periodicals and books published in the cooperating country;
 - Other commodities and services (and related expenses) that, by their nature or as a practical matter, can only be acquired, performed, or incurred in the cooperating country, e.g., vehicle maintenance, hotel accommodations, etc.
- (2) When local procurement of U.S. origin commodities is planned under a project, such a decision should be supported by an analysis of the prices of goods expected to be procured, and a determination that the prices are reasonable, taking into account comparable delivery terms and prices from the United States, and the implementation schedule of the project.
- b. To qualify as local costs, goods and services must also meet the following additional requirements:

- (1) They normally must be paid for in local currency.
- (2) The supplier must be located in the cooperating country and must be of cooperating country nationality as defined in USAID Handbook 1B, Chapter 5.
- (3) Any component from a country not included in USAID geographic code 935 renders a commodity ineligible for financing.

c. Ineligible Goods and Services: Under no circumstances shall the grantee procure any of the following under this grant:

- (1) Military equipment,
- (2) Surveillance equipment,
- (3) Commodities and services for support of police or other law enforcement activities,
- (4) Abortion equipment and services,
- (5) Luxury goods and gambling equipment, or
- (6) Weather modification equipment.

d. Ineligible Suppliers: Funds provided under this grant shall not be used to procure any goods or services furnished by any firm or individual whose name appears on USAID's Consolidated List of Debarred, Suspended, or Ineligible Awardees (USAID Regulation 8, (22 CFR 208)). USAID will provide the grantee with this list upon request.

e. Restricted Goods: The grantee shall not procure any of the following goods and services without the prior written authorization of the grant officer:

- (1) Agricultural commodities,
- (2) Motor vehicles,
- (3) Pharmaceuticals,
- (4) Pesticides,
- (5) Rubber compounding chemicals and plasticizers,

- (6) Used equipment,
- (7) U.S. Government-owned excess property, or
- (8) Fertilizer.

f. If USAID determines that the grantee has procured any of the restricted or ineligible goods and services specified in subparagraphs (c) through (e) above, or has received reimbursement for such purpose without the prior written authorization of the grant officer, the grantee agrees to refund to AID the entire amount of the reimbursement."

5. Optional Standard Provisions applicable to this grant are shown in Attachment No. 3.

G. Title to Property

Title to property purchased under this Grant shall vest in the Grantee.

H. Indirect Cost Rates

Pursuant to the Standard Provision of this grant entitled "Negotiated Indirect Cost Rates - Provisional", a rate or rates shall be established for each of the Grantee's accounting periods which apply to this grant. Pending establishment of revised provisional or final indirect cost rates for each of the Grantee's accounting periods which apply to this grant, 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 are set forth below.

| <u>Type</u> | <u>Rate</u> | <u>Base</u> | <u>Period</u> |
|-------------------------|-------------|------------------|---------------------------|
| Provisional Overhead | 15% | Total Cost Input | 09-24-93 Until Amended |

I. Close-Out Procedures

This section prescribes uniform closeout procedures for this grant.

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

- a. 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.

- b. Date of Completion: The date of completion is the date on which all work under grants is completed or the date on the award document, or any supplement or amendment thereto, on which sponsorship ends.
 - c. 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.
2. AID closeout procedures include the following requirements:
- a. Upon request, USAID shall make prompt payments to a Grantee for allowable reimbursable costs under the grant being closed out.
 - b. The Grantee shall immediately refund any balance or unobligated (unencumbered) cash that USAID has advanced or paid and that is not authorized to be retained by the Grantee for use in other grants.
 - c. AID shall obtain from the Grantee within 90 calendar days after the expiration of the Grant all financial, performance and other reports required as a condition of the grant. USAID may grant extensions when requested by the Grantee.
 - d. A final financial compliance audit must be performed prior to the closeout of the grant, which is in accordance with the U.S. Government Accounting Office standards, USAID shall retain the right to recover any expenditures which are contrary to the terms and conditions of the grant and all applicable annexes, after fully considering the questioned costs resulting from the final audit.

PROGRAM DESCRIPTION

A. Background:

From 1981 to 1993 AID financed the EDUNAT Project (Education for Nature), through Fundación Natura. During this period of time, the project was successful both in creating a national awareness regarding the country's environmental problems as well as in promoting the rational use of natural resources within the public and private sectors. The Project also permitted the institutional development of Fundación Natura and provided experience to a number of professionals, who are now undertaking other environmental projects.

The main components of EDUNAT during the last five years were: a) environmental education through the schools; b) environmental education through community development organizations; c) dissemination of environmental information for industries; and d) environmental education for the public in general. In support of these components research was undertaken and the institution's information center was created.

After an accelerated organizational development during its first 15 years of life, Fundación Natura decided to limit its areas of action, and encourage other NGOs to act in specific areas, such as environmental education and dissemination of environmental technology, especially to industries.

Given the above, several members of the team who worked for EDUNAT agreed, with other professionals, to create one NGO specialized in environmental education and environmental technology management. This was the origin of Corporación OIKOS, a private non-profit organization created in Quito, Ecuador, in July, 1992, to promote the conservation and protection of the environment and the sustainable use of natural resources.

OIKOS' expertise in the environmental education and communication areas, as well as in diffusion of scientific information and technological management of the environment is the result of its work team experience. OIKOS has initiated an organizational development process directed at obtaining self-sustainability within a period of approximately five years. It has submitted proposals to several national and international organizations. As a first step, OIKOS submitted an unsolicited proposal to USAID/Ecuador for an Environmental Education and Technology (EDUCAR) Project which will continue the EDUNAT III activities, as recommended by an external project evaluation.

B. Purpose:

The purpose of the project is to increase Ecuadorians' awareness of ecological issues, by encouraging leaders and the public in general to change attitudes and practices with regard to industrial and agricultural production processes, and social, political and cultural structures that impact negatively on the environment and natural resources.

OIKOS will make its best efforts to seek additional Ministry of Education/IDB funding currently allocated for primary education curriculum reform, for introducing environmental themes into the new curriculum.

C. Specific Objectives:

Studies and Pilot Projects of Options for Environmental Technology Transfer and Marketing that includes feasibility studies to find the best way to encourage adoption of environmental technology in Ecuador, and pilot projects that will provide technical assistance on site in a selected industry and will also establish policy dialogue roundtables that will promote the use of environmental mitigation technology. These pilot attempts will focus on one industry and will develop a methodology to encourage adoption of environmental technology despite the absence of enforcement of environmental laws in Ecuador.

Environmental education in the school system and through the mass media. This will be the most important component during this one-year grant. It will include the development of curricula for those schools where environmental education has not yet been included as part of their educational programs; training for those teachers who have not yet received training in using the curricula; production of educational materials to support the teaching of environmental education; and a mass media campaign to reinforce environmental education messages.

Institutional Support which includes the development of technical and administrative systems, based on the short, medium and long term goals set by OIKOS. Funding for institutional support is exclusively to help OIKOS achieve its specific program outputs.

D. Implementation Plan:

Project Components:

1. **Studies and pilot projects of options for environmental technology transfer and marketing:** The following environmental technology transfer studies will be completed by OIKOS under the project: study on the specific needs for

environmental technology in industries producing a highly negative environmental impact; pre-feasibility study for the creation of a non-profit "ecological bank", dedicated to finance the transfer and adoption of environmental mitigation technologies; feasibility study for the creation and implementation of a training institute for national leaders in aspects related to the transfer of environmental technologies; inventory of the institutions and individuals, both national and international, who possess and are able to provide the country with the scientific and technological information on the environment that Ecuador requires.

At the same time, OIKOS will carry out two pilot activities under this component. The first one is an on site advisory system directed at industrialists who are interested in looking into the possibility of adoption of environmental technologies to mitigate the negative impacts produced by their industries. One of the special features of this activity will be the development of a one-week seminar with the entrepreneurs to discuss and interchange information and experiences and discuss the advantages or disadvantages of the process. The participation of other institutions will be sought in order to achieve broader impact. For the implementation of this activity, a high level foreign specialist will be contracted with Grant funds for a two month period. Additional advisors for this and the following activity will be contracted by OIKOS with funds from other sources.

The second pilot activity will be a series of roundtables dedicated to stimulate the supply and demand of environmental technologies in the industrial field. OIKOS will complete and fully document a round of negotiations. The participation of other organizations will be sought under this activity also. Specifically, OIKOS will organize seminars with organizations such as the Chambers of Industries of Quito and Guayaquil on environmental engineering and on technologies for improving environmental protection.

2. **Environmental education in the school system and through the mass media:** The first activity to be carried out under this component will be an ongoing KAP (knowledge, attitudes and practices) survey with regard to environmental problems. The KAP will be directed to the target audiences of prior USAID funded environmental education activities under the EDUNAT Project. Information about environmental problems, solutions and alternatives will be disseminated through the mass media, including radio and TV spots, posters, pamphlets and special activities such as seminars and workshops for interpersonal

communication targeted to politicians, entrepreneurs and professionals.

In the school system, OIKOS will work closely with the Ministry of Education to assure the official adoption of environmental education in the national curricula. OIKOS will offer training workshops for 3,000 pre-school teachers and 50% of the national school teachers. Ministry of Education staff will receive training in the production of pedagogic materials on environmental education, and a pamphlet on how to produce such materials will be prepared. Didactic material for pre-school education will be designed, produced and distributed and pre-school teachers will be trained in its use. Finally, posters on environmental education for pre-schools and an educational module for secondary school students will be also produced.

All of these educational activities will be covered in the mass media, in order to encourage the application of environmental education activities within the school system.

Grant funds will cover the activities included under this component, including the KAP survey.

3. **Institutional Support:** This component will permit the institutional development already initiated by OIKOS in its administrative, technical, financial, economical, legal and operational areas, to continue progressively. The activities to be implemented under this component will include the development of **Institutional Policies** that will cover personnel regulations, OIKOS' inter relationship with other donors, NGOs, the Government of Ecuador and the private enterprise, both national and international, and the periodic prioritization by the organization of environmental issues. **Institutional Planning and Financing Policies** will also be prepared for the short, medium and long term, for the different organizational levels. The planning system will be the basis for the selection of priority projects as well as for their supervision, and internal and external formative and summative evaluations. Mechanisms for the self-sustainability of the organization will also be sought under this item. Administration and Accounting Manuals will be developed in support of OIKOS' **Administrative and Accounting Policies**. **Technical and Administrative Infrastructure Policies** will be prepared in support of the development of technical and administrative bases for the information and records center that will function at the local and national levels.

It is understood that the purpose of this grant is not to undertake a long-term institution building effort with OIKOS. Funding for institutional support is exclusively to assist OIKOS achieve its specific program outputs, including attracting other donor funding.

Grant funds will finance the purchase of three computers to support this component, and the contracting of enterprises or specialists for the development of the above detailed systems and manuals.

OIKOS agrees to make a good-faith effort to support the Ecuadorian Government's new high level Environmental Coordination Committee and to coordinate OIKOS environmental education efforts with other NGO's like Fundacion Natura, CARE/SUBIR Project, Fundacion IDEA, the Chambers of Industries of Quito and Guayaquil, FEPROTUR's ecotourism program and other NGO's activities.