

PSCB 287

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U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
Manila, Philippines

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Telephone: 521-7116
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August 2, 1989

Mr. Thomas D. Riley
Country Program Director
Asian-American Free Labor Institute
Liroville Condominium
134 Sedeno Street, Salcedo Village
Makati, Metro Manila

Dear Mr. Riley:

Subject: Grant No. AID 492-0419-G-SS-9067-00

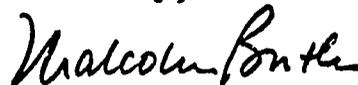
Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A.I.D." or "Grantor") hereby grants to the Asian-American Free Labor Institute (hereby referred to as "AAFLI" or "Grantee") the sum of P3,249,518 for peso costs and \$45,261 for dollar costs, for which \$200,000 shall be made available, to provide support for a project entitled "Trade Union/Workers Training Programs" as described in Attachment 1, entitled "Schedule and Project 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 two years after the date of this letter.

This Grant is made to AAFLI on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1, entitled "Schedule and Project Description", Attachment 2, entitled "Standard Provisions", and AAFLI's project proposal (incorporated herein for reference) which have been agreed to by your organization.

Please sign and date the original and seven (7) copies of this Grant to acknowledge your acceptance of the conditions under which these funds have been granted and return the original and six (6) copies to the undersigned.

Sincerely,



Malcolm Butler
Director

Attachments:

1. Attachment 1, Schedule and Project Description
Annex A, PVO Forms
Annex B, Detailed Budget Schedule
Annex C, State 183222 - Indirect Cost Rate Information
2. Attachment 2, Standard Provisions

Acknowledged:

ASIAN-AMERICAN FREE LABOR INSTITUTE

By : Thomas D. Riley, Jr.
Mr. Thomas D. Riley, Jr.

Title : Country Program Director

Date : August 2, 1989

F I S C A L D A T A

Appropriation	:	72-1191021
Budget Plan Code	:	QDEA8927492KG13
PIO/T No.	:	492-0419-3-90105
Project No.	:	492-0419
Total Estimated Amount	:	\$200,000
RESCTLNO.	:	P892428
EARCTLNO.	:	P892428
Commitment Document No.	:	492-0419-G-SS-9067-00

SCHEDULE AND PROJECT DESCRIPTION
TRADE UNION/WORKERS TRAINING PROGRAMS

ASIAN-AMERICAN FREE LABOR INSTITUTE (AAFLI)

I. PROJECT BACKGROUND

A. Statement of the Problem

The Foreign Assistance Act (FAA) of 1961 (as amended) endorses the "traditional humanitarian ideals of the American people", and makes it U.S. policy to encourage the people of developing countries to build economic, political and social institutions which will improve the quality of their lives. Such institution building is particularly appropriate for non-governmental organizations because democratic governments recognized that the catalyst of economic growth is personal liberty. Throughout the world, societies which promote and protect workers' rights are far more likely to experience development than societies which do not.

A nation's economic, political, legal and social institutions determine the basic framework of incentives and opportunities within which development efforts take place. Under FAA Section 601, countries are encouraged to strengthen such institutions especially free labor unions. This project focuses on four critical areas of concern in institutional development of free trade unions and protection of workers' rights. The four components are arbitration, union leadership, labor advocacy and workers' counselling.

(1) Arbitration

Voluntary arbitration was first institutionalized in the Labor Code of the Philippines in 1974. At that time, labor, management and government officials were very receptive to the new voluntary process of settlement of labor disputes. It was also during this time when Asian-American Free Labor Institute (AAFLI) sponsored a training program which produced the first set of labor arbitrators in the country. But subsequent amendments to the Labor Code eroded the cases that could be settled through voluntary arbitration under the specific provisions of the Code.

The promotion of voluntary arbitration as an alternative to the compulsory process declined in the early 1980's for several reasons including, the cultural tendency to bring labor disputes before the courts, the cost of paying the arbitrator (no cost in compulsory arbitration) and the lack of trust on the part of labor unions who frequently questioned the honesty of arbitrators. As a result, the number of practising arbitrators has declined drastically over the years and no efforts were made to train new arbitrators.

The new labor relations law, popularly known as the HERRERA BILL was signed into law on March 2, 1989. Although the 1987 Constitution mandated the preferential use of voluntary arbitration in settling disputes, the new law strengthens the National Conciliation and Mediation Board and makes more categorical the reference of disputes to conciliation and to voluntary arbitration.

The new law requires that all Collective Bargaining Agreements (CBA) contain provisions for the naming of an arbitrator or arbitrators and that cases arising from the interpretation or implementation of CBA's shall be resolved through the grievance machinery and voluntary arbitration. The present lack of qualified arbitrators will seriously affect the implementation of these provisions of the Labor Code.

The project addresses this serious problem by providing for the training of a core of labor arbitrators to equip them with the skills and techniques necessary in resolving labor disputes which the unions and employers have been unable to settle in their grievance procedure.

(2) Trade Union Leadership

The changing economic and political environment in the Philippines as well as the expected changes resulting from new legislation on labor relations requires corresponding changes within the trade union movement. The visible lack of new leaders at the basic, intermediate and advanced levels who are needed to respond to these demands could seriously affect the development of viable trade unions in the future.

Over the years, workers' training programs have been conducted for members of organized labor unions. However, the rate at which new trade unions are being organized, and the recent enactment of laws which recognize the rights of government employees to self-organization have dramatized the need for additional well-trained union leaders. Compounding the problem is the fact that the free trade union movement is presently threatened by the politicization of labor groups led by activists promoting totalitarian ideologies.

Another major problem confronting trade unions is the lack of dynamic labor leader at policy and decision making levels who understand contemporary problems in the labor sector and who could inspire workers to join and support unions.

The proposed union leadership training program will equip trade union leaders with the necessary skills and knowledge to cope with the changing conditions not only within the trade union movement but in society in general. It is expected that the leadership training programs will develop a new core of young, aggressive and dynamic leaders who are capable of rising to national union office.

(2) Labor Advocacy

To attain speedy settlement of disputes between labor and management, the Department of Labor and Employment (DOLE) has focused its thrust on the use of voluntary arbitration. The newly enacted Labor Relations Law also provides for the use of voluntary arbitration in resolving cases arising from CBA implementation and/or interpretation.

The frequency of cases involving conflicts between management and labor makes it imperative that trade union organizations hire legal counsels to render service to their affected members. As a result of this practice, a greater portion of the unions' disposable income is utilized to cover the legal expense.

To lessen the union organizations' dependency on expensive legal counsel to represent them in the settlement of disputes with management, a Labor Advocacy Training program is needed. The training program will enable union leaders to develop the necessary skills to present their cases or disputes at arbitration.

(4) Workers Counselling Service

Violations of General Labor Standards such as minimum wage, emergency cost of living allowance (ECOLA), overtime pay, 13th month pay, holiday pay, night shift differentials, vacation and sick leave, as well as health and safety regulations are on the increase. Workers who are not members of trade unions are unable to properly represent themselves against employers who are in violation of the Labor Standards. Without proper legal representation, workers are subject to termination and other reprisals when they confront their employers. In most cases, the violations go unreported because workers have no one to discuss their complaints with and are unfamiliar with their rights under the laws. The Department of Labor and Employment has acknowledged the fact that the number of government inspectors who are supposed to

carry out inspections in every establishment to ensure that labor laws are properly implemented are seriously inadequate. It is with this situation in mind that the need of legal counselors is deemed essential. Legal counselors may function as a screening committee to determine the validity of the complaints. Cases which have been appropriately verified by the legal counselors shall be referred to the DOLE.

Through the proposed program, workers will be provided a forum wherein grievances with their employers can be aired. The legal counselors would be providing assistance to the affected workers, and at the same time, monitor and report cases of violations to government authorities.

B. Summary Baseline Information

The number of organized workers presently covered by Collective Bargaining Agreement is in excess of 2.2 million. The number of CBA's currently in effect are 3,822. The public sector, which now has 87 unions registered with a membership of 52,435, is also expected to begin collective bargaining in the coming months. All of these workers and their unions will be directly or indirectly affected by the project.

It is estimated that more than 80 percent of the country's work force (i.e. approximately 19 million workers) are not members of organized labor unions and therefore not receiving legal services and protection normally provided to union members. All of these workers including those in the public sector will be affected by the project.

C. Work to Date/Administrative Capability

The Asian-American Free Labor Institute (AAFLI) was founded in 1968 by the AFL-CIO and is incorporated in the State of Delaware as a nonprofit organization. Its objective is to assist in the development of free and effective trade unions in Asia and the Middle East which are viable institutions capable of playing a role in the development of national economies. It currently has programs in about 20 countries.

The Asian-American Free Labor Institute is registered with A.I.D. and has been receiving funds for a number of years to promote free and democratic labor unions and workers' organizations in Asia. The activities are currently being funded from AID's centrally-funded regional project no. 398-0263.

AAFLI has been actively involved in the Philippines since 1969. AAFLI's Manila office maintains close contacts not only with the Trade Union Congress of the Philippines (TUCP), but also with a number of other Labor centers and independent unions. AAFLI operates in the Philippines with the approval of the Department of Labor and Employment.

The Trade Union Congress of the Philippines (TUCP), through the support provided by AAFLI, has established an education department which is responsible for the implementation of all national labor training programs. An AAFLI staff member monitors all programs including participant selection. Evaluation is continuously conducted to assess the effectiveness of AAFLI supported training programs. In addition, AAFLI conducts detailed quarterly evaluations of individual federations to determine the net effects of programs conducted, in terms of membership expansion, the quality of CBA's negotiated, etc.

II. PURPOSE AND PLANNED OUTPUTS

The goal of the project is (1) to strengthen the free labor union movement in the Philippines and (2) to promote and protect the rights of individual workers. The specific objectives and outputs of the four subproject components are as follows:

(1) Arbitrators Training Program

The project will provide training for 220 labor arbitrators. Arbitrators trained under the program would be effectively involved in labor dispute settlement cases between unions and employers in accordance with the provisions of the new Labor Code. The backlog of cases filed with the National Labor Relations Commission (NLRC) will be reduced.

The incidence of strikes, lockouts and other forms of negative job actions will be minimized. It is difficult to provide quantitative projections at this time since implementation of the new Labor Code has just begun and the full impact is not yet known.

(2) Trade Union Leadership Training Program

The project will provide union leaders with the necessary skills and knowledge to become effective leaders, capable of meeting challenges amid changing social, economic and political conditions.

At the end of the project, 225 trade union leaders including 75 women leaders will be trained in all aspects of trade union operations. Trained women leaders will constitute a 30% increase in women participants in the trade union activities. Membership of the local/federation will increase by at least 20% by the end of the project as a result of improved leadership.

(3) Labor Advocacy Training Program

The overall objective of the project is to lessen the dependence of trade unions on the services of legal counselors in the settlement of disputes at arbitration.

At the end of the project, 125 union officers will have been trained as labor advocates and will be employing such skills and knowledge by preparing and presenting cases at voluntary arbitration proceedings. It is expected that the legal expenses of the organization (local or federation level) will be reduced by 60% with the newly trained labor advocates replacing the services of lawyers.

(4) Workers Counselling Service

The project will involve the establishment of workers' Legal Counselling Services in the 13 regions of the country including the National Capital Region. Depending on the size of the region and the identifiable work force, at least one labor lawyer will be assigned to each region. Assistance will be provided following public announcements informing workers of the creation of legal counselling services in their area.

III. IMPLEMENTATION PLAN

A. The following activities will be undertaken in pursuit of the indicated objectives:

(1) Arbitration Training Program

AAFLI with the assistance of the Trade Union Congress of the Philippines (TUCP) will conduct four five-day intensive training programs for a selected group of prospective labor arbitrators. The program will be coordinated with the National Conciliation and Mediation Board (NCHB) of the Department of Labor and Employment.

AAFLI/TUCP and the NCHB will be actively involved in the screening and selection of nominees for the training programs.

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(2) Three-Level Trade Union Leadership Training

The TUCP Education Department staff in consultation with AAFLI shall screen and select participants from TUCP affiliated and independent unions following a given criteria. Each training seminar will be conducted for 15 days (live-in) or five days for each level (basic, intermediate and advanced levels) to be composed of 25 participants at a maximum. Priority will be given to union officers who have not participated in previous training or those who are newly elected to the position. To encourage active participation of women in trade union activities, one training seminar on Trade union Leadership Training will be devoted solely to potential women leaders.

Actual training will be administered by the TUCP Education Department staff. Discussion leaders will be invited from the labor group, government institutions, management and the academe. In addition to standard lectures and discussions, case studies, role playing and panel workshops will be utilized to illustrate principles and theories.

A total of three-Level Trade Union Leadership Training with a total of 225 participants will be conducted within the two-year period.

(3) Labor Advocacy Training Program

Labor Advocacy Training will be a five-day residential seminar to be coordinated by the TUCP Education staff in collaboration with practising arbitrators who will be contracted to conduct the program.

Resource speakers from the National Conciliation and Mediation board of the Department of Labor and Employment, and the academe including practising arbitrators, will compose the teaching staff. The training will involve lectures/discussions on the principles and practices of arbitration, case study analysis, mock arbitration or the practicum and films showing actual arbitration hearings.

Five Labor Advocacy Training programs will be held during the two year period. A maximum of 25 union leaders or potential leaders will be selected to participate in each training seminar. Two training seminars will be held for union leaders from Metro Manila and Luzon, two in the Visayas and one in Mindanao.

(4) Workers Counselling Service

The legal counselors will work closely with the regional officials of the Department of Labor and Employment. Workers reporting violation of General Labor Standards would be afforded protection against discharge or any forms of discipline. In all cases, workers will be encouraged to form unions and register with the DOLE. Monitored cases of violations shall be documented including disposition of cases for submission to the DOLE. The legal counselors will be responsible in bringing to the attention of the DOLE areas where enforcement is lax or where cases are backlogged.

B. Monitoring and Evaluation

(1) Monitoring

AAFLI will be responsible for proper monitoring of the project. The TUCP, which will be the implementing body, shall be required to submit an after activity report for every seminar held. The report will include an assessment of the contents of the training program as well as its impact on participants. The AAFLI Country Program Director and/or Program Officers will also be present at every training program to monitor program activities and assist the coordinator in making necessary revisions and adjustments. Periodic consultations with the implementing staff will be held to assess accomplishments and to discuss problems encountered and if needed, to effect necessary changes in future programs.

Under the Legal Counselling activity, all legal counselors will be required to submit monthly report detailing their activities. These reports will be reviewed by the TUCP and a member of the AAFLI staff. Local unions affiliated with the TUCP will assist in evaluating the Counselling Service in their Region. Periodic visits will be made by officers of the TUCP and AAFLI.

(2) Evaluation

Impact evaluation of the program including direct results to the targeted beneficiaries will be conducted quarterly. Direct and indirect results will be based on the increased number of union leaders actively involved in trade union activities, increased membership for the federation or the local union, the increase in the number of women workers involved in trade union activities, the decrease in legal expenses incurred by the federation with the involvement of trained labor advocates in the settlement of disputes involving members and management, expanded membership services of federations as a result of reduced organizational expenses, and reduced incidence of strikes as a result of the speedy settlement of grievances by voluntary arbitration.

At the end of the project period, an assessment will be made to determine the effectiveness of the program toward achieving the overall goal.

IV. REPORTING REQUIREMENTS

Section 4.1. Initial Reporting Requirements.

(a) Implementation Plan. The Grantee shall prepare a life of project Implementation Plan in form and substance satisfactory to USAID listing scheduled activities by quarter. This plan shall be submitted to USAID with the first Request for Cash Advance. The Implementation Plan shall specify project activities, such as the gathering of baseline data, and shall list the individuals responsible, timeframe, related budget line items from both USAID and counterpart funds and other resources needed to support the activity. The Grantee shall update the Implementation Plan using PVU Form No. 1 in the form set forth in Annex A as part of the Quarterly Progress Report.

(b) Evaluation Plan. Within six months following the effective date of the Grant, the Grantee shall submit to USAID one copy of its Evaluation Plan in form and substance satisfactory to USAID describing the evaluation events, when they are to be scheduled, what aspects of the project will be evaluated, who will participate in the evaluation, and an evaluation design indicating the purpose of the evaluation and the methods that will be used to carry it out. The Grantee may decide to undertake a series of evaluations to meet program requirements.

(c) Financial Review Plan. Within six months following the effective date of the Grant, the Grantee shall submit to USAID one copy of its Financial Review Plan in form and substance satisfactory to USAID describing the plan for periodic review of financial management of project resources, compliance with reporting requirements under the Grant Agreement and maintenance of adequate internal controls.

Section 4.2. Quarterly Reporting Requirements.

(a) Quarterly Progress Reports. The Grantee shall submit to USAID Quarterly Progress Reports using PVU Form No. 2 in the form set forth in Annex A. These reports shall include a discussion of the status of project implementation and fully describe project activities, making a comparison between planned activities and actual activities.

(b) Quarterly Financial Reports.

(i) Request for Cash Advance. The Grantee shall request advances of funds as provided in Section 6.1 using PVU Form No. 3 in the form set forth in Annex A.

(ii) Expenditure/Liquidation Report. The Grantee shall prepare Expenditure/Liquidation Reports as provided in Section 6.2 using PVU Form No. 4 in the form set forth in Annex A, indicating in detail the expenditures of both USAID Grant funds and counterpart funds.

Section 4.3. Final Reporting Requirements.

Within ninety (90) days after the Grant Completion Date, the Grantee shall submit to USAID a Project Assistance Completion Report. The report shall cover:

- A final financial report including a summary of contributions made by USAID, the Grantee, the beneficiaries and other donors (i.e., planned versus actual inputs) and disposition of assets obtained under the Grant;
- Status of various project elements (e.g., procurement, construction, training);
- A brief description of project accomplishments including an assessment of the impact the project has had and may have on project beneficiaries in light of baseline indicators at the commencement of the Grant, the original project design and modifications of project design during implementation (including a comparison of revised outputs and actual outputs);
- Description of continuing Grantee responsibilities for activities begun under the Grant including the identification of and discussion of the sustainability of benefits and project activities that need to be carried forward;
- A summary of lessons learned from the project that might be relevant to replication, in whole or in part, of project activities.

V. BUDGET AND FINANCING

Section 5.1. USAID Financing. Funds provided by USAID under this Grant Agreement shall be used to finance the Philippine peso and U.S. dollar costs of the items specified in the budget set forth in Section 5.6 below. The total amount of funds to be provided by USAID shall not exceed ₱3,249,518 (\$154,739), for pesos costs and \$45,261 for dollar costs, for which U.S.\$200,000 shall be made available by USAID under this Grant based on an estimated exchange rate of ₱21.00 to \$1.00.

Section 5.2. Limit of USAID's Commitment. If the exchange rate varies so that the amount of dollars required to purchase the peso amount specified in Section 5.1 is greater than the amount of dollars therein specified, the specified dollar amount shall be the controlling limit to USAID's commitment. If the exchange rate varies so that the amount of dollars required to purchase the peso amount specified in Section 5.1 is less than the amount of dollars therein specified, the remaining dollars may be used to purchase pesos for justified peso cost increases over the peso costs provided in the budget set forth in Section 5.6, if approved in writing by USAID, provided that the counterpart contribution of the Grantee is adjusted in accordance with Section 5.3.

Section 5.3. Counterpart Financing. The Grantee shall assure that counterpart contributions having a value of not less than thirty-eight percent (38%) of the total project cost will be provided in cash or in kind at the time such counterpart contributions are required for performance of this Grant. Based on the total budgeted project cost specified in Section 5.6, counterpart contributions having a value of not less than ₱2,609,713 shall be provided. In the event that the amount of pesos provided by USAID exceeds the amount specified in Section 5.6, the amount of counterpart contributions shall be increased by an amount not less than sixty-two percent (62%) of the additional amount provided by USAID. Counterpart contributions shall be valued in accordance with Article IX of this Grant Agreement.

Section 5.4. Adjustment of Budget. Without prior written approval of USAID, the Grantee may increase or decrease by up to 15 percent the amount budgeted for each major line item in the budget set forth in Section 5.6, except for the line items for "Salary" and for "Other Direct Costs", provided that the total amount budgeted for the project specified in Section 5.7 is not changed. The Grantee shall promptly submit to USAID revised budgets incorporating any adjustments that are permitted by the foregoing sentence.

Section 5.5. Program Income.

(a) Program income, as defined in subparagraph (b) below, shall be paid to USAID, unless such income is (i) added to funds committed to the project by USAID or the Grantee and used to further eligible project objectives or (ii) used to finance counterpart contributions to the project if approved in writing by USAID. Program income may be used by the Grantee in the foregoing ways without accountability to USAID after termination of the Grant, provided that the Grantee informs USAID of the plan of operations for use of such income prior to expenditure, and provided further, that the Grantee reports to USAID on activities financed with program income during the period of the Grant.

(b) Program income is gross income earned by the Grantee from activities supported by USAID under this Grant. Program income includes, but is not limited to, income from service fees or charges and interest earned with respect to funds loaned under a capital assistance or credit component of the project. Program income does not include any interest earned on advance of grant funds.

Section 5.6. Budget.

<u>COST ELEMENT</u>	<u>USAID</u>	<u>PVO</u>	<u>T O T A L</u>
Personnel & Support Staff	₱1,767,500	₱1,369,250	₱3,136,750
Participant Related Costs	1,041,600	75,013	1,116,613
Logistical Support	322,963	403,000	725,963
Other Costs	117,455	762,450	879,905
Sub-Total	<u>₱3,249,518</u>	<u>₱2,609,713</u>	<u>₱5,859,231</u>
U.S. Dollars	\$ 154,739	\$ 124,272	\$ 279,011
AAFLI Indirect Cost (29.25%)	\$ 45,261	- 0 -	45,261
T O T A L	<u>\$ 200,000</u>	<u>\$ 124,272</u>	<u>\$ 324,272</u>
Percentage	62%	38%	100%

ER: ₱21.00 = \$1

A detailed budget schedule is set forth in Annex B hereto. Personnel budgeted under this Grant shall work full-time on Grant activities unless otherwise indicated in the detailed budget schedule.

VI. PAYMENT PROCEDURES

Section 6.1. Advances. The Grantee may request an initial advance of funds equivalent to the amount required for the first ninety (90) days of Grant activities. Advances of funds required for Grant activities in subsequent ninety-day periods may be requested subject to satisfaction of the liquidation requirements in Section 6.2. Each quarterly request for an advance of funds should show a monthly breakdown of expected utilization of funds during the period covered. Upon approval of a quarterly request for an advance of funds, USAID will provide the amount of the advance in three monthly installments based on the monthly breakdown of expected utilization. The Grantee shall submit quarterly requests for advances of funds at least one month prior to the date funds are required. If disbursements by the Grantee are faster than projected, the Grantee may request an interim advance prior to the regularly scheduled monthly installment to ensure that funds will be available.

Section 6.2. Liquidation of Advances. Within forty-five (45) days following the end of each ninety-day period for which funds were advanced, the Grantee shall submit a certified Expenditure/Liquidation Report (Form No. 4) specifying all costs in accordance with the budget line items set forth in Section 5.6. USAID may require the Grantee to provide copies of pertinent supporting documents, including, without limitation, receipts, invoices, travel authorizations, purchase orders, payroll data and used tickets. Liquidation of advances for each quarter may be reported independently of the submission of quarterly requests for advances. The Grantee may request and USAID may approve advances for the second quarter after the first quarterly advance prior to the submission of the Expenditure/Liquidation Report for the first quarter. However, no subsequent advances will be approved by USAID unless Expenditure/Liquidation Reports for all prior advances, other than the advance for the then current period, have been received by USAID.

Section 6.3. Refund of Unliquidated Advances. The Grantee shall refund the amount of any advance not liquidated by the final Expenditure/Liquidation Report under the Grant within ninety (90) days after the Grant Completion Date in the form of a check payable to the "Treasurer of the United States." The foregoing right of refund shall be in addition to any other refund rights provided to USAID under this Grant Agreement.

VII. GRANT COMPLETION DATE

The Grant Completion Date shall be two years from the effective date of the Grant set forth in the covering Grant letter, or such other

date as USAID and the Grantee may agree to in a written amendment to this Grant Agreement. The Grant Completion Date is the date by which all services financed under the Grant shall have been performed and all goods financed under the Grant will have been furnished for the project as contemplated by this Grant Agreement. Except as USAID may otherwise agree in writing, USAID will not issue or approve documentation authorizing disbursement of funds provided under the Grant or approving the liquidation of advances on the basis of disbursement by the Grantee of funds for services performed or for goods delivered subsequent to the Grant Completion Date.

VIII. CLOSE-OUT PROCEDURES

Section 8.1. Definitions. The following definitions shall apply for purposes of this Article VIII:

(a) Close-out. The term "close-out" refers to the process whereby USAID (i) determines whether the provisions of this Grant Agreement have been met and the activities contemplated by the Grant Agreement have been completed satisfactorily and (ii) determines the amount, if any, of unreimbursed costs for which reimbursement is owed by USAID to the Grantee and the amount, if any, of disallowed costs for which refund is owed by the Grantee to USAID.

(b) Disallowed Costs. The term "disallowed costs" refers to costs claimed by the Grantee, whether in an Expenditure/Liquidation Report or otherwise, for financing by USAID under this Grant that USAID or its authorized representatives determine not to be allowable under the terms of this Grant Agreement or applicable U.S. Government cost principles.

Section 8.2. Close-out Procedures.

(a) Unreimbursed Costs. Upon the written request of the Grantee, USAID shall pay the Grantee the amount, if any, of any allowable, allocable and reasonable costs for which reimbursement has not previously been provided.

(b) Refund by Grantee. Except as USAID may otherwise agree in writing, immediately following the Grant Completion Date, the Grantee shall refund to USAID the amount, if any, of funds advanced or paid to the Grantee by USAID that are not irrevocably committed to third parties for allowable, allocable and reasonable costs under the Grant. Immediately following receipt of notification from USAID, the Grantee shall refund to USAID the amount, if any, of any disallowed costs with respect to which payment or reimbursement under the Grant was made by USAID. The foregoing refund rights shall be in addition to any other refund rights provided to USAID under this Grant Agreement.

(c) reports. Within ninety (90) days after the Grant Completion Date, the Grantee shall submit to USAID all financial, evaluation and other reports required by this Grant Agreement.

(d) Grant-Financed Property. The Grantee shall account for any property received by the Grantee from the U.S. Government or acquired with funds provided by USAID in form and substance satisfactory to USAID.

IX. COUNTERPART CONTRIBUTIONS

The following criteria and procedures shall apply for the purposes of determining the allowability of cash and in-kind contributions made by the Grantee, subgrantees or third parties ("counterpart contributions") in satisfying the counterpart contribution requirement set forth in Section 5.3 of this Grant Agreement:

Section 9.1. General. Cash and in-kind contributions shall be accepted toward satisfaction of the counterpart contribution requirement only if such contributions:

- (a) are verifiable from the Grantee's records;
- (b) are not included as contributions for the purpose of any other project or program assisted by the U.S. Government;
- (c) are necessary and reasonable for proper and efficient accomplishment of project objectives;
- (d) are types of charges that would be allowable under applicable U.S. Government cost principles;
- (e) are not financed by the U.S. Government under any other grant or agreement, unless otherwise approved by USAID; and
- (f) are provided for in the budget approved by USAID.

Section 9.2. Cash Contributions. Cash contributions are cash outlays by the Grantee and any subgrantees, including the outlay of cash contributed to the Grantee or a subgrantee by third parties other than the U.S. Government. Cash outlays meeting the conditions specified in Section 9.1 shall be allocated as counterpart contributions under this Grant in accordance with the following criteria:

(a) Salaries. The cash counterpart contribution in respect of salaries paid to individuals in connection with services performed for the project shall be determined by multiplying the salary, including all benefits, of the individual by the percentage of time the individual actually provides services for project activities.

(b) Expendable Personal Property. The cash counterpart contribution in respect of expendable personal property, including office and workshop supplies and per diem, shall equal the cash outlay made to acquire the property.

(c) Nonexpendable Personal and Real Property. The cash counterpart contribution in respect of nonexpendable personal property (such as equipment) and real property (buildings and land) shall be determined as follows:

(i) If the purpose of the Grant is to assist the Grantee or a subgrantee in the acquisition of the property, the cash counterpart contribution shall equal the total cash outlay made to acquire the property.

(ii) If the purpose of the Grant is to support activities that require the use of the property, the cash counterpart contribution shall equal the depreciation or use charges properly chargeable to the property during the period of the Grant using the straight-line method of depreciation, based on the cash outlay made to acquire the property and the useful life of the property.

(d) Rent and Utilities. The cash counterpart contribution in respect of rent and utilities (such as water and electric charges) shall be determined by multiplying the cash outlay made for such purposes for the facility or facilities housing project activities by the percentage of space in such facilities actually provided for project activities.

Section 9.3. In-Kind Contributions. In-kind contributions represent the value of non-cash contributions of property or services by the Grantee, a subgrantee or third party other than the U.S. Government. In-kind contributions meeting the criteria specified in Section 9.1 shall be allocated as counterpart contributions under this Grant in accordance with the following criteria:

(a) Volunteer Services. The in-kind contributions of volunteer services shall be valued on the basis of the rate of compensation paid for similar work in the Grantee's or subgrantee's organization, or on the basis of the rate of compensation paid for such work in the local labor market in which the volunteer services are performed. The value of volunteer services shall be determined by multiplying the applicable rate of compensation by the percentage of time actually devoted to providing services for project activities.

(b) Donated Expendable Personal Property. The in-kind contribution value of expendable personal property shall equal the fair-market value of the donated property at the time it is made available for project purposes.

(c) Donated Nonexpendable Personal and Real Property. The in-kind contribution value of nonexpendable personal and real property shall be determined as follows:

(i) If the purpose of the Grant is to assist the Grantee or a subgrantee in the acquisition of the property, the in-kind contribution shall equal the fair market value of like property of the same age and condition at the time of donation.

(ii) If the purpose of the Grant is to support activities that require the use of the property, the in-kind contribution value shall equal either (i) the depreciation or use charges properly chargeable to the property during the period of the Grant using the straight-line method of depreciation, based on the original acquisition cost of the property and the useful life of the property or (ii) the local cost of renting similar property of the same age and condition at the time of donation during the period the property is used for Grant activities. In the case of space provided for meetings, workshops and similar short-term needs, the in-kind contribution value shall equal the amount chargeable locally if the space were provided for such purposes for a fee. In the case of land provided for agricultural products, the in-kind contribution value shall equal the amount chargeable locally if the land were rented for such purposes.

X. MISCELLANEOUS

Section 10.1. Title to Property. Title to all property financed under the Grant shall vest in the Grantee as provided in the Standard Provision relating thereto set forth in Attachment 2 to this Grant Agreement.

Section 10.2. Authorized Geographic Code. If the total procurement element during the life of the Grant is valued at \$250,000 or less, all goods and services financed under the Grant with U.S. dollars shall be procured in and shipped from countries included in AID Geographic Code 935 in accordance with the order of preference specified in the Standard Provision relating thereto set forth in Attachment 2 to this Grant Agreement. If the total procurement element exceeds \$250,000, all goods and services financed under the Grant with U.S. dollars shall be procured in and shipped from the U.S.

Section 10.3. Overhead Rate. The applicable overhead rate(s), the base(s) on which they apply, and the Grantee's accounting period(s) they cover, are as follows:

Provisional Overhead Rate = 29.25% for the period 7/1/89 until amended. (Refer to Annex C)

Base: Total USAID Funds Before Overhead Cost - Equipment & Commodities. Total Direct Cost.

XI. STANDARD PROVISIONS

Section 11.1. Standard Provisions. The Standard Provisions set forth in Attachment 2 consist of the following:

- (a) Mandatory Standard Provisions
(Standard Provisions 1 through 11, inclusive, under the heading "Mandatory Standard Provisions for U.S., Nongovernmental Grantees" are applicable); and
- (b) Other Standard Provisions
(Such of Standard Provisions 1 through 21, inclusive, under the heading "Required as Applicable Standard Provisions for U.S., Nongovernmental Grantees" as are therein checked are applicable.)

Section 11.2. Inconsistencies. In the event of an inconsistency among the elements of this Grant Agreement, the following order of precedence shall apply:

- (i) The covering Grant Letter;
- (ii) Attachment 1 (Schedule and Project Description); and
- (iii) Attachment 2 (Standard Provisions).

QUARTERLY PROGRESS REPORT
Period Covered: _____ through _____, 19__

- A. Name of PVO _____
- B. Project Title & Grant Number _____
- C. PACD _____
- D. Date of Last Report: _____ E. Date of Last Evaluation _____
- F. Project Funding LOP: Grant _____ G. Counterpart: _____
- H. Expenditure to date: Grant _____ I. Counterpart: _____
- J. Project Purpose: (Use Additional pages if necessary) _____

K. Activities for the Period _____

L. Outputs (Cumulative, if possible) _____

M. Issues/Problems this Quarter and Planned Actions to Resolve Issues/Problems _____

N. Contractors/Consultants _____

Prepared by: _____
Date Prepared: _____

PROGRESS REPORT INSTRUCTIONS

(One copy of this report should be submitted to the USAID Project Officer within the first month following the end of the reporting quarter)

Use Additional Pages If Necessary

- Item A (Name of PVO) - Provide Name of PVO
- Item B (Project Title & Grant Number) - Provide Project Title & Grant Number
- Item C (PACD) - Provide Project Assistance Completion Date
- Item D (Date of Last Report) - Provide Date of Last Quarterly Report
- Item E (Date of Last Evaluation) - Provide Date of Last Evaluation
- Item F (Project Funding LOP: Grant) - Provide Project Funding Life of Project Grant
- Item G (Project Funding LOP: Counterpart) - Provide Counterpart Funding Life of Project
- Item H (Expenditure to Date) - Provide Total Expenditures To Date (Grant Funds)
- Item I (Expenditure To Date: Counterpart) - Provide Total Counterpart Expenditures to Date
- Item J (Project Purposes) - Should not exceed 4 lines
- Item K (Activities for the Period) - Compare actual accomplishments with planned activities for the quarter. If planned activities were not met, include reasons why they were not met. Information on time schedule, outputs accomplished, other performance goals achieved, and explanation of cost overruns, if any, should be included.
- Item L (Outputs) - If possible, list outputs cumulative not only for quarter.
- Item M (Issues/Problems) - Indicate major issues/problems and planned actions to resolve issues.
- Item N. (Contractors/Consultants) - List major consultants or contractors. If none, state none.

N.B.

In addition to preparing this form every quarter, please submit special reports (a) when events occur that have significant impact upon the project or (b) when problems, delays or adverse conditions will affect the ability to attain objectives. This should be accompanied by a statement of the action taken or planned or further USAID assistance needed.

QUARTERLY REQUEST FOR CASH ADVANCE

Name of Grantee: _____
 Project Title : _____
 Grant Number : _____
 Period Covered : _____ through _____ 19 _____

- 1. Amount Authorized (Life of Project) _____
- 2. Total Cash Advances Received to date _____
- 3. Total Disbursements to date _____
- 4. Estimated Disbursement up to the end of the Quarter _____
- 5. Unexpended Cash Advances /2-(3+4)/ _____
- 6. Cash Requirement for this Period _____
- 7. Cash Advance Requested (6-5) _____

Projected Expenditures by Line Item
 for this Period:*

	Monthly Breakdown		
	1st	2nd	3rd
A. Personnel Costs	_____	_____	_____
B. Equipt. & Commodities	_____	_____	_____
C. Monitoring & Evaluation	_____	_____	_____
D. Training	_____	_____	_____
E. Administrative & Travel	_____	_____	_____
F. Loan Fund	_____	_____	_____
Monthly Totals	_____	_____	_____
Total Amount Required for the period	_____	_____	_____

The undersigned hereby certifies: 1) that the above represents the best estimates of funds needed for expenditures to be incurred over the period described; 2) that expenses under any previous advances are progressing in accordance with projections; 3) that appropriate refund or credit to the grant will be made in the event funds are not expended; 4) that appropriate refund will be made in the event of disallowance in accordance with the terms of this grant; 5) that any interest accrued on the funds made available herein will be refunded to the U.S. Agency for International Development (USAID).

 Date Signed

 Project Director/Authorized PVO
 Representative

*Line Items may be added based on the approved grant budget.

(One copy of the Request for Cash Advance along with the updated Implementation Plan, should be submitted to the USAID Project Manager within 30 days before the start of the quarter.

QUARTERLY EXPENDITURE/LIQUIDATION REPORT

Name of Grantee : _____
 Project Title : _____
 Grant Number : _____
 Period Covered: _____ through _____, 19__

Budget Items	GRANT FUNDS				Unexpended Balance	COUNTERPART FUNDS		
	Approved Budget LOP	Advances Cumulative	Disbursements this Period	Total Disbursement		Approved Budget LOP	Disbursement this Period	Total Disbursement
1. Personnel Costs								
Grand total								

I, the undersigned hereby certify that: (1) the expenditures claimed under the cited agreement are proper and due and that appropriate refund to USAID will be made promptly upon request of USAID in the event of non-performance, in whole or in part, under the terms of the agreement; (2) that the information on this Report is correct and such detailed supporting information as USAID may require will be furnished at the grantee's home office, as appropriate; (3) that all requirements called for by the agreement to date of this certification have been met; and, (4) that to the best of my knowledge, none of the commodities purchased were produced in and imported from other than Free World countries.

Date: _____

Signed: _____
 Project Director/Authorized Representative

(one copy of the Expenditure/Liquidation Report should be submitted to the USAID Project Officer.)

56 X

Quarterly Expenditure/Liquidation Report

Expenditure/Liquidation reports are to specifically include the following detailed information:...

- a. Salaries and wages are to be set forth as separate line items for each position, the incumbent's name, indicating whether full-time or part-time (i.e., one-fourth time, one-half time, etc.) rate of pay and total cost for period claimed.
- b. The term Consultant's fee is to be used in appropriate cases. Each consultant's fee must be set forth as a separate line item which clearly indicates the type of consultant service, the consultant's name, period of time employed, rate of pay (i.e. hourly, daily, weekly monthly), and total cost for period claimed.
- c. Purchases of major commodities (e.g. typewriters, calculators, computers, machinery, etc.) shall be listed as distinct line items including the item, brand name, vendors name/address/telephone and amount.

NOTE: Payments of honoraria, however designated, are not permitted.

ANNEX B

BUDGET SUMMARY

<u>COST ELEMENT</u>	<u>USAID</u>	<u>PVO</u>	<u>TOTAL</u>
Personnel	₱1,767,500	₱1,369,250	₱3,136,750
Participant Related Costs	1,041,600	75,013	1,116,613
Logistical Support	322,963	403,000	725,963
Other Costs	117,455	762,450	879,905
Sub-Total	<u>₱3,249,518</u>	<u>₱2,609,713</u>	<u>₱5,859,231</u>
U.S. Dollars	\$ 154,739	\$ 124,272	\$ 279,011
AAFLI Indirect Cost (29.25%)	\$ 45,262	\$ - 0 -	\$ 45,261
T O T A L	<u>\$ 200,000</u> =====	<u>\$ 124,272</u> =====	<u>\$ 324,272</u> =====
Percentage	62%	38%	100%
ER: ₱21.00 = \$1			

ANNEX B

BUDGET SUMMARY(a) BUDGET BREAKDOWN (See attached sheet for detailed budget)

Exchange Rate: \$1 = ₱21.00

<u>EXPENSE ITEMS</u>	<u>USAID</u>	<u>COUNTERPART</u>
Lecturers/Moderators Fees	₱ 190,500	₱ 75,000
Legal Counselors Fees	1,560,000	
Secretarial/Administrative Assistance	12,000	574,250
Messengerial/Janitorial Services	5,000	
Hotel Accomodation	1,015,800	
Transportation Cost	194,063	75,013
Rental Fee (Training Room/Audio Visual Equipment)	51,575	
Supplies/Training Materials	62,125	156,000
Transportation/Per Diem (Coordinators)	18,000	
Communications/Streamers	23,000	169,000
Depreciation Cost of Office Equipment		89,200
Rental of Office Space/Utilities		720,000
Printing Cost of Revised Handbooks/ Manuals	60,500	
Lost-Time of Participants		751,250
Other Direct Costs	56,955	
	<u>₱3,249,518</u>	<u>₱2,609,713</u>
	=====	=====
	<u>\$ 154,739</u>	<u>\$ 124,272</u>
	-----	-----
Indirect Cost (29.25%) to be paid to AAFLI/Washington	<u>\$ 45,261</u>	<u>\$ -</u>
	<u>\$ 200,000</u>	<u>\$ 124,272</u>
	=====	=====

(See detailed pages of Annex B for Cost Breakdown by Element.)

D E T A I L E D B U D G E Ta) Voluntary Arbitration Training Program

<u>EXPENSE ITEMS :</u>	<u>USAID</u>	<u>COUNTERPART</u>
<u>1. Personnel - Support Staff</u>		
-Lecturers Fees P500/hr @27 lecture hrs. x 4	P 54,000	
- Secretarial Assistance P1,500 x 6 x 4	12,000	P 24,000
- Administrative Assistance P5,000 x 3		15,000
- Messengerial/Janitorial Services	5,000	
<u>2. Participants Related Costs</u>		
- Hotel Accommodation P400 x 220 x 5	P440,000	
- Transportation Cost	40,563	P 40,563
- Supplies/Reading Materials P200 x 220	44,000	
<u>3. Logistical Support</u>		
-Air Fare/Transportation Cost (Lecturers/Secretariat)	P 41,738	
-Hotel Accommodation (Lecturers/Secretariat)	120,800	
-Rental Fee (Audio Visual Equipment) P3,500 x 4	14,000	
-Communications/Streamers P5,000 x 4	15,000	5,000
<u>4. Other Costs</u>		
- Lost-time of participants (P500 x 220 x 5)		P550,000
- Printing Costs Manual on Voluntary Arbitration Certificates	P 55,000 5,500	
- Other Direct Costs	56,955	
<u>T O T A L</u>	<u>P 904,556</u>	<u>P634,563</u>
	(\$ 43,074)	(\$30,217)

Best Available Document

b) 3 Trade Union Leadership Training Program (Three Levels)EXPENSE ITEMS :

	<u>USAID</u>	<u>COUNTERPART</u>
1. <u>Personnel - Support Staff</u>		
- Lecturers Fees P300/hr.@ 60 lecture hrs. x 3	P 54,000	
- Secretarial Assistance (P1,250 x 3)		P 3,750
- Administrative Assistant (P2,500 x 3)		7,500
2. <u>Participants Related Costs</u>		
- Hotel Accommodation Manila - P210 x 225 x 5	P236,250	
- Supplies/Materials P25 x 225	5,625	
- Out-of-town Transport. Cost	62,662	
- In-town Transport. Cost		P 21,450
3. <u>Logistical Support</u>		
- Transportation/Per Diem (2) TUCP staff x P200 x 45	P 18,000	
- Training Room Fee P365 x 45	16,425	
- Communications/Streamers P2,000 x 3	3,000	P 3,000
4. <u>Other Costs</u>		
- Cost-time sharing of Office Equipment		P 5,600
- Participants' Time P115 x 225 x 5		129,375
T O T A L	<u>P395,962</u>	<u>P170,675</u>
	(\$18,855)	(\$8,127)

Best Available Document

c) 5 Labor Advocacy Training Programs

<u>EXPENSE ITEMS :</u>	<u>USAID</u>	<u>COUNTERPART</u>
<u>1. Personnel - Support Staff</u>		
- Lecturers Fees P500/hr. (@3 hrs) x 5	P 7,500	
- Moderators Fees P3,000/day x 25 x 2	75,000	P 75,000
- Secretarial Assistance P1,250 x 5		7,500
- Administrative Assistant P2,500 x 5		12,500
<u>2. Participants Related Costs</u>		
- Hotel Accommodation Manila - P210 x 50 x 5 Cebu/Bacolod/Davao - P350 x 75 x 5	P183,750	
- Supplies/Reading Materials P100 x 125	12,500	
- Out-of-town Transport. Cost	16,250	
- In-town Transport. Cost		13,000
<u>3. Logistical Support</u>		
- Hotel Accommodation TUCP staff/ Moderators P500 x 4 x 25	P 35,000	
- Air Fare Cost/Transportation (Moderators/Coordinators)	32,850	
- Training Room Fee P365 x 10	3,650	
- Rental Fee (Audio Visual Eqpt.) P3,500 x 5	17,500	
- Communications/Streamers P2,000 x 5	5,000	5,000
<u>4. Other Costs</u>		
- Depreciation Cost on Office Equipment		5,600
- Lost-time of participants P115 x 125 x 5		71,875
T O T A L	<u>P389,000</u>	<u>P190,475</u>
	(\$18,524)	(\$9,070)

d) Workers Counselling ServicesEXPENSE ITEMS:USAIDCOUNTERPART1. Personnel - Support Staff

- Legal Counselors Fees P1,560,000
 (1) per region ; (3) for NCR
 P4,000 x 10 x 24 ;
 P5,000 x 5 x 24
- Secretarial Services P504,000
 (1) per region ; (2) for NCR
 at P1,500 x 14 x 24
- Office Space/Utilities 720,000
 at P2,000/lawyer x 24

2. Logistical Support

- Supplies/Communications P312,000
 P1,000/region
- Depreciation Cost on 78,000
 Office Equipment
 (P250/mo./region)

T O T A L

P1,560,000P1,614,000

(\$74,286)

(\$76,857)

Best Available Document

32

UNCLASSIFIED

STATE 18322

ANNEX C

ACTION: AID-5 INFO: DCM/7 SF

VZCZCMLG726

PP RUEHML

DE RUEHC #3222 1600440

ZNR UUUUU ZZH

P 090437Z JUN 89

FM SECSTATE WASHDC

TO RUEHJA/AMEMBASSY JAKARTA PRIORITY 1306

RUEHML/AMEMBASSY MANILA 4760

BT

UNCLAS STATE 183222

09-JUN-89

TOR: 04:38

CN: 58915

CHRG: AIT

DIST: AIDA

ADD: SF

ACTION COPY

ADM AID

E.O. 12356: N/A

TAGS:

SUBJECT: INDIRECT COST RATE INFORMATION - ASIAN AMERICAN FREE LABOR INSTITUTE (AAFLI)

REFERENCE: JAKARTA 07618 *No Record*

1. THE CURRENT APPROVED INDIRECT COST RATE FOR AAFLI IS AS FOLLOWS:

TYPE	FROM	TO	RATE
PROVISIONAL	4-1-89	UNTIL AMENDED	29.25

2. THE BASE OF APPLICATION IS: TOTAL DIRECT COST.

BAKER

PT

#3222

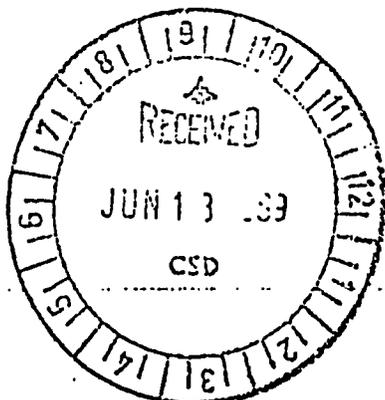
NNNN

Action Taken: _____
No action necessary: X
Date: _____ Inits: WGH

RECEIVED
JUN 9 3 54 PM '89
USAID/C&R

UNCLASSIFIED

STATE 183222



DIV	ACT	INF
OD		✓
PE		
FLA		
PROI		
TD		
EO		✓
PER		
CSD	✓	
LOG		
DVD		
GSO		
TRV		
C&R		
CO		✓
OCD		
ORAD		
OPHN		
OFFPVC		
RIG/A		
RIG/II		
AR		
DUE DATE		
6-19-89		