



AGENCY FOR INTERNATIONAL DEVELOPMENT

UNITED STATES AID MISSION TO PERU

C/O AMERICAN EMBASSY

LIMA, 1 PERU

TELEPHONE: 286200

CABLE: USAID/LIMA

ORIGINAL

Lima, February 8, 1978

Dr. Raúl Acosta
General Manager
I.P.F.E.
Arenales 371, Of. 501
Lima

Subject: Project No. 527-0179

Dear Dr. Acosta:

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 Instituto Peruano de Fomento Educativo, (hereinafter referred to as "IPFE" or "Grantee"), the amount of US\$100,000 (the "Grant"), in accordance with the illustrative budget contained in Article VII of Attachment A, to assist in the execution of initial project activities for approximately a fourteen month period beginning from the signing of this Letter of Agreement. Subject to the availability of funds and the mutual agreement of the parties, AID will provide additional funds in FY 1979 to finance the activities remaining to complete the project.

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 project objectives. This Grant shall remain in effect until terminated by either one or both of the parties.

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

Please sign the original and seven (7) copies of this letter to acknowledge your acceptance of the conditions under which these funds have been granted.

Please return the original and six (6) copies of this letter to the USAID/Peru Program Office.

Sincerely yours,



Harry W. Shlaudeman
Ambassador



Leonard Yaeger
USAID Director

Attachments:

- A - Program Description
- B - Standard Provisions

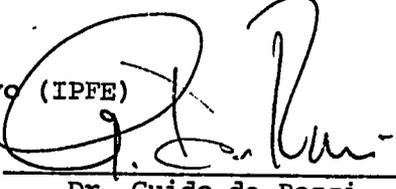
ACCEPTED:

Instituto Peruano de Fomento Educativo (IPFE)

By: 
Dr. Raúl Acosta F.

Title: General Manager

Date: February 8, 1978

By: 
Dr. Guido de Rossi

Title: President of the Board

Date: February 8, 1978



Program Description

Article I - The Purpose of the Grant

The purpose of the grant is to increase agricultural production and productivity for approximately 2,500 independent, small farmers and their families in selected areas of the Peruvian sierra and ceja de selva through a pilot training program. The training will involve the development, demonstration and testing of the effectiveness of alternative, low cost training packages.

Article II - Project Description and Implementation Plans

The project will be carried out in two phases. The first phase (approximately six months) will entail selection of trainers and technical advisors, diagnosis of needs and training required, and preparation of appropriate instructional materials. The second phase (18-24 months) will entail training male and female farmers in approximately 200 short term courses in subject areas relevant to the independent, small farmers' needs, including, but not limited to, live-stock and poultry care, crop and food storage, animal nutrition, seed selection, fertilizer application, and food handling and preparation.

At the end of the project instructional packages (course content, materials and methodologies) will be compiled and made available to Government of Peru, private and international institutions interested in helping Peru's poor, small farmers.

IPFE will use its own staff as well as outside professionals for implementing the project. In-house staff will primarily be responsible for the educational, audio visual and administrative components of the project. Contracts with outside professionals from Peruvian Universities will provide the technical expertise in such areas as plant and animal husbandry, communications and evaluation.

Article III - Coordination with GOP

Given the major responsibility that the Centro Nacional de Capacitación e Investigación para la Reforma Agraria, (CENCIRA), a GOP entity, has for coordinating all training programs in the rural sector, IPFE will implement the project in close coordination with CENCIRA. This

coordination will be based on a written agreement between IPFE and CENCIRA. CENCIRA has already participated in the site selection process, helping to indicate those areas which do not have access to the type of training being offered.

IPFE will also work closely with each of the CENCIRA zonal offices operating at or near project sites. At the request of IPFE, the zonal offices and Centros de Capacitación e Investigación Campesina Participante de CENCIRA (CENCICAPS) will, within their limits, provide advisory services to the project. IPFE shall prepare a Plan of Action for submission to the CENCIRA zonal office at each project site in order to be included in CENCIRA's zonal plan for campesino training. IPFE will be required to communicate to the respective zonal office, with 45 days advance notice, any changes in the Plan of Action. IPFE shall also be required to provide zonal and local libraries, those at or near project sites, with copies of training materials and evaluation reports prepared during the project.

Within the MOE, IPFE shall keep the Junta Permanente de Coordinación Educativa, (JUPCE) informed of its activities and project progress.

Article IV - Site Selection and Project Beneficiaries

IPFE, in consultation with CENCIRA, has tentatively selected the following general areas from which project sites will be chosen: (1) department of Cajamarca - provinces of Santa Cruz, Chota and Cutervo; (2) department of Ancash - province of Carhuaz; (3) department of Junin - province of Huancayo; (4) department of San Martin - provinces of Rioja, Moyobamba and the region of Huallaga Central; and (5) department of Loreto - province of Alto Amazonas. The final list of sites will be submitted to USAID prior to initiation of training activities.

The sites should be located within provinces which fall within the bottom 50% on the Marginality Index used in the USAID Study of the Peruvian Poor. Communities eligible for participating in the training programs shall mainly consist of independent farmers whose total land holdings are generally under 10 hectares in the sierra and 20 in the ceja de selva.

Article V - Responsibilities of the Grantee

IPFE will assume responsibility for administration of the project's implementation and utilization of Grant funds.

In addition, IPFE hereby agrees to assume responsibility for the following actions:

- a. Coordinate project implementation with appropriate GOR entities as stipulated in Article III.
- b. Select, in consultation with CENCIRA, the communities to participate in the project, utilizing the criteria in Article IV.
- c. Contract in a timely fashion with high quality outside professional expertise required for project implementation.

Article VI - Conditions and Covenants

Distribution of funds, other than those for securing project vehicles, will be subject to compliance with the following provisions in form and substance acceptable to AID:

- a. IPFE will submit a detailed Plan of Operations/Implementation Plan, covering the first fourteen months of the project within 30 days of the signing of this Agreement. A second Plan of Operations/Implementation Plan will be required for the remainder of the project.
- b. IPFE will submit to AID curricula vitae of the outside professionals it intends to contract with.

IPFE covenants to secure within 60 days of the signing of this Agreement, a written agreement with CENCIRA detailing the nature of the coordination between IPFE and CENCIRA.

IPFE also covenants to submit to USAID the names of specific project sites, prior to the initiation of training activities at that site.

Article VII - Release of Funds

Release of funds under this Agreement shall be in accordance with Article XII and be based on the following budget. Transfers between AID financed categories in excess of 20% shall require amendment of this Agreement.

Illustrative Budget for First Fourteen Months^{1/}

	<u>A.I.D.</u>	<u>IPFE (to be provided in kind or in soles)</u>	<u>Community (in kind)</u>
Personnel (project director, technicians, instructors, project administration/management)*	\$50,000	\$14,000	
Transportation and per diem**	\$39,500	-	
Equipment, materials, office space, utilities	\$8,000	\$12,000	
Contingency	\$2,500		
Community contribution (training facilities and local transpor- tation)			\$3,600
	<u>\$100,000</u>	<u>\$26,000</u>	<u>\$3,600</u>

^{1/}Remainder-of-Project Budget to be determined at end of first budget period. IPFE will meet a 25% life-of-project contribution with its subsequent Remainder-of-Project Budget contribution.

* Includes funds for IPFE administration/management, at a rate of 10% on all AID funded direct project costs.

** Includes two vehicles, maintenance, repair and operating expenses.

Article VIII - Required Accounting Records

IPFE hereby agrees to keep separate accounting records for the funds under this Grant, separate and apart from records kept for any other purposes.

Article IX - Reports and Evaluation

IPFE hereby agrees to provide AID with copies of the following reports:

- a. Based on a random sample, baseline data on farm production and productivity to be used to compare with end of project results and submitted to AID prior to the initiation of the training courses.

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- b. Quarterly financial reports which indicate monies received, expended and liquidated according to the major budget categories.
- c. Quarterly reports which review items in the Plan of Operations/ Implementation Plan, as well as other relevant information.
- d. A report after each of the two project phases detailing work performed, together with conclusions and experience obtained.

The first report should be submitted no later than 30 days after the end of phase one; the phase two report approximately 6 months after the last training course is conducted. The last report will include IPFE's assessment of the impact of the training program on agricultural production and productivity and of the prospects or plans for use by other entities of training packages developed.

IPFE will be responsible for establishing its own evaluation procedures and conducting evaluation and assessments of program problems, etc. as related to the Quarterly Reports it will submit to AID. An in-depth project review will be held, in conjunction with the USAID, at the end of each project year to measure performance against stated targets in the Implementation Plan. The evaluation should also:

- identify and discuss major changes in project setting which have an impact on the project. Examine continuing validity of assumptions. If assumptions are no longer valid, discuss implications for the project;
- measure progress toward planned targets and, where these targets are either not being met or are being exceeded, identify causal factors and discuss implications;
- consider project's development hypothesis in the light of progress to date, and if no longer valid, consider implications;
- identify and analyze delays or other implementation problems and suggest measures for dealing with them, and
- identify and consider lessons learned from the project (especially appropriate in the case of end-of-project evaluation.)

Article X - Accounting and Appropriation Data

Allotment : 843-50-527-00-69-81

Appropriation: 72-1181021.3

Project : 527-0179

Article XI - Procurement of Commodities

All commodity requirements will be identified by IPFE using outside professional expertise which will be funded under this Grant. All commodity procurement outside of Peru shall be performed by USAID. All procurement shall be in accordance with good management practices and with Standard Item 12 in Attachment B.

Article XII - Fiscal Provisions

IPFE will administer the Grant funds according to the budget included in Article VII to defray costs incurred in carrying out the project and within the maximum limitations set forth in this Agreement. Disbursement procedures will be as follows:

Upon completion of the conditions precedent, disbursements will be made on written request in the form of an initial advance and subsequent reimbursements. The initial advance is to be requested on AID standard form 1034 (original and 3 copies) "Public Voucher for Purchases and Services Other Than Personal". The standard form 1034 should be completed in accordance with the attached copy and submitted to AID.

The initial advance will be adequate to cover the Grantee's anticipated expenditures for ninety (90) days and may be increased or decreased based on estimates of the projects needs. At the end of the first month, and each month thereafter until the grant is fully disbursed, the Grantee should submit to AID a list of expenditures and supporting documentation. This list and supporting documentation should be accompanied by a request for reimbursement. AID will review the request and reimburse the advance account for disbursements made for eligible purposes. (AID will return the originals of the supporting documentation after they have been reviewed.)

This system will be followed until all funds have been exhausted. It is understood that a final No-Pay Voucher will be submitted by IPFE to liquidate the last advance.

Together with a request for advance of funds or a liquidation of advances IPFE must submit the following certification:

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Certification

IPFE

Project 527 - 0179

Training of Campesinos in the Sierra and High Jungle

Serial No. _____

Pursuant to Project 527-0179 dated _____, IPFE as Implementing Agency hereby requests and certifies the following:

1. IPFE requests AID to disburse _____ Soles Oro (S/.) for project implementation, as an advance to cover the cash needs for a 90-day period for purposes prescribed by the Grant Agreement, and on the basis of such disbursement to make a dollar charge against Grant 527-0179. This request for advance of funds is supported by AID Public Voucher Form 1034.
2. IPFE certifies that its receipt of such disbursement will be in Soles and its use will be in compliance with the terms of the Grant Agreement.
3. IPFE certifies that the level of the advance requested has been realistically determined to cover the money requirements for a 90-day period.
4. IPFE requests AID to liquidate the previous advance in the amount of _____ Soles Oro as supported by the attached expenditure documentacion and No-Pay Voucher.
5. IPFE certifies that the attached list of accrued expenditures is correct.

Lima, _____

For IPFE:

Title: _____
Authorized Representative

Standard Provisions

1. Allowable Costs and Payment

The Grantee shall be reimbursed for costs incurred in carrying out the purposes of this Grant which are determined by the Grant Officer to be allowable in accordance with the terms of this Grant and Subpart 15.2 of the Federal Procurement Regulations (FPR) (Principles and Procedures for Use in Cost Reimbursement Type Supply and Research Contracts with Commercial Organizations) in effect on the date of this Grant. Payment of allowable costs shall be in accordance with Article XIII of this Grant.

2. Accounting, Records and Audit

The Grantee shall maintain books, records, documents, and other evidence in accordance with the Grantee's usual accounting procedures to sufficiently substantiate charges to the Grant. The Grantee shall preserve and make available such records for examination and audit by AID and the Comptroller General of the United States or their authorized representatives (1) until the expiration of three years from the date of termination of the program and (2) for such longer period, if any, as is required to complete an audit and to resolve all questions concerning expenditures unless written approval has been obtained from the AID Grant Officer to dispose of the records. AID follows generally accepted auditing practices in determining that there is proper accounting and use of grant funds. The Grantee agrees to include the requirements of this clause in any subordinate agreement hereunder.

3. Refunds

- (a) If use of the Grant funds results in accrual of interest to the Grantee or to any other person to whom Grantee makes such funds available in carrying out the purposes of this Grant, Grantee shall refund to AID an amount equivalent to the amount of interest accrued.
- (b) Funds obligated hereunder but not disbursed to the Grantee at the time the grant expires or is terminated shall revert to AID except for funds encumbered by the Grantee by a legally binding transaction applicable to this Grant. Any funds disbursed to but not expended by the Grantee at the time of expiration or termination of the Grant shall be refunded to AID.
- (c) If, at any time during the life of the Grant it is determined by AID that funds provided under the Grant have been expended for purposes not in accordance with the terms of the Grant, the Grantee shall refund such amounts to AID.

4. Equal Opportunity Employment

With regard to the employment of persons in the U.S. under this Grant, Grantee agrees to take all reasonable steps to ensure equality of opportunity in its employment practices without regard of race, religion, sex, color or national origin of such persons and that, in accordance with Title VI of the Civil Rights Act of 1964 when work funded by this Grant is performed in the U.S. no person shall, on the grounds of race, religion, sex, color or national origin, be excluded from participation, be denied benefits, or be subjected to discrimination. In addition, the Grantee agrees to comply in accordance with its written assurance of compliance with the provisions of Part 209 of Chapter II, Title 22 of the Code of Federal Regulations, entitled "Non-Discrimination in Federally Assisted Programs of the Agency for International Development -- Effectuation of Title VI of the Civil Rights Act of 1964."

5. Termination

This Grant may be terminated at any time in whole or in part, by the Grant Officer upon written notice to the Grantee, whenever for any reason he shall determine that such termination is in the best interest of the Government. Upon receipt of and in accordance with such notice, the Grantee shall forthwith take immediate action to minimize all expenditures and obligations financed by this Grant and shall cancel such unliquidated obligations whenever possible. Except as provided below, no further reimbursement shall be made after the effective date of termination, and the Grantee shall within thirty (30) calendar days after the effective date of such termination repay to the Grantor all unexpended portions of funds theretofore paid by the Grantor to the Grantee which are not otherwise obligated by a legally binding transaction applicable to this Grant. Should the funds paid by the Grantor to the Grantee prior to the effective date of this termination of this Grant, be insufficient to cover the Grantee's obligations pursuant to the aforementioned legally binding transaction, the Grantee may submit to the Grantor within ninety (90) calendar days after the effective date of such termination a written claim covering such obligations, and, subject to the limitations contained in this Grant, the Grant Office shall determine the amount or amounts to be paid by the Grantor to the Grantee under such claim.

6. Officials Not to Benefit

No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this Grant or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this Grant if made with a corporation for its general benefit.

7. Covenant Against Contingent Fee

The Grantee warrants that no person or selling agency has been employed or retained to solicit or secure this Grant upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee except bona fide employees or bona fide established commercial or selling agencies maintained by the Grantee for the purpose of securing business.

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For breach or violation of this warranty, AID shall have the right to cancel this Grant without liability or, in its discretion, to deduct from the Grant amount, or otherwise recover, the full amount of each commission, percentage, or contingent fee.

8. Nonliability

AID does not assume liability with respect to any claims for damages arising out of work supported by its grants.

9. Amendment

The Grant Agreement may be amended by formal modifications to the basic grant document or by means of an exchange of letters between the AID Grant Officer and an appropriate official of the Grantee.

10. Grant Agreement

The letter to the Grantee signed by the Grant Officer, the Program Description and the Standard Provisions which have been reviewed and agreed to by the Grantee, constitute the Grant Agreement.

11. Notices

Any notice given by any of the parties hereunder, shall be sufficient only if in writing and delivered in person or sent by telegraph, cable, or registered mail as follows:

To the cognizant AID Grant Officer

To Grantee -- at Grantee's address shown in this Grant, or to such other address as either or such parties shall designate by notice given as herein required.

Notices hereunder, shall be effective when delivered in accordance with this clause or on the effective date of the notice, whichever is later.

12. Procurement of Equipment, Vehicles, Supplies, Materials and Services

- (a) Except as may be specifically approved or directed in advance by the Grant Officer, or as provided in paragraphs (b) and (c) below, all equipment, vehicles, materials, supplies and services the costs of which are to be attributed to this Grant and which will be financed with United States dollars shall be purchased in and shipped from the United States or Peru. In addition, for any U.S. purchase transaction in excess of \$2,500 the Grantee shall notify the seller that the item(s) must be of U.S. source and production and comply with the componentry limitations and other

requirements applicable to suppliers under AID Regulation 1, and that the supplier must execute and furnish Form AID-282 "Suppliers Certificate and Agreement with the Agency for International Development."

- (b) Printed or audio-visual teaching materials may, to the extent necessary, be purchased outside the United States when:
- (1) Effective use of the materials depends on their being in the local language; and
 - (2) Other funds including U.S. owned and controlled local currencies are not readily available for procurement of such materials.
- (c) All international air shipments made by the Grantee to be financed hereunder, shall be made on U.S. flag carriers unless shipment would, in the judgement of the Grantee, be delayed an unreasonable time awaiting a U.S. carrier, either at the point of origin or transshipment, provided that the Grantee certifies to the facts in the documents retained as part of his Grant records for post audit by AID. All international ocean shipment made by the Grantee, to be financed hereunder, shall be made on U.S. flag vessels. Where U.S. flag vessels are not available, or their use would result in a significant delay, the Grantee may obtain a release from this requirement from the Transportation Support Division, Office of Commodity Management, AID, Washington, D.C. 20523, as appropriate, giving the basis for the requests.
- (d) The Grantee shall obtain competition to the maximum extent possible for any procurement to be financed hereunder. Procurement by the Grantee without consideration of more than one source must be approved by the Grant Officer. In no event will any procurement be on a cost-plus-a-percentage of cost basis. The Grantee shall take all reasonable steps necessary to insure that subgrantees procuring in accordance with Paragraph (b) obtain competition to the maximum extent possible. In addition to the foregoing, for purchases made in the United States the cost of which are to be attributed to this Grant, the Grantee shall comply with the following requirements:

To permit AID, in accordance with the Small Business Provisions of the Mutual Security Act, to give United States Small Business firms an opportunity to participate in supplying commodities and services procured under this Grant, the Grantee shall, to the maximum extent possible, provide the following information to the Office of Small Business, AID, Washington D.C., 20523 at least 45 days prior to placing any order or contract in excess of Five Thousand (\$5,000) Dollars, except where a shorter time is requested of, and granted by the Office of Small Business:

- (1) Brief general description and quantity of commodities or services;
 - (2) Closing date for receiving quotations or bids;
 - (3) Address where invitations or specifications may be obtained.
- (e) Funds provided under this Grant shall not be used to procure any commodity or commodity-related services furnished by any supplier whose name appears on the List of Ineligible Suppliers under AID Regulation 8, "Suppliers of Commodities and Commodity-Related Services Ineligible for AID Financing"; Grantee agrees to review said list prior to undertaking any procurement the cost of which is to be attributed to this Grant. AID will provide Grantee with this list.