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FILE	
COUNTRY	LEBANON PROJ. TITLE _____
PROJECT	268-0342 BIB CODE 30
LETTER GRANT AGREEMENT _____	

Address: United Nations Trust Fund for Lebanon
 United Nations Headquarters
 New York, New York 10017

Subject: Grant 268-0342: Lebanon Relief Assistance

Appropriation: 72-11X1037

Budget Plan Code: NESX-84-23268-KG13

967-50-268-00-69-41

Dear Secretary Buffum:

1. I have the honor to refer to the 1984 action by the United Nations Executive Board to approve the use of United Nations funds and to seek additional contributions from the international community for the United Nations program for relief assistance for Lebanon.

2. I am pleased to inform you that, pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Government of the United States of America, acting through the Agency for International Development (A.I.D.), hereby grants to the United Nations Trust Fund for Lebanon (Grantee) not to exceed five hundred thousand dollars (\$500,000) to be used in support of the United Nations program for emergency humanitarian relief activities in Lebanon as carried out by the United Nations Trust Fund for Lebanon since 1976 and as described in Attachment A.

3. This Grant is effective as of the date of this letter and shall apply to commitments made by the United Nations in support of the program for the period beginning March 1, 1983, and ending twelve months from the date of this letter. Funds disbursed by A.I.D. but not committed by the United Nations at the expiration of this period shall be refunded to A.I.D.

4. Funds shall be made available to the United Nations Trust Fund for Lebanon through a letter of credit at its selected commercial bank located in the Federal Reserve District of New York. In order to draw upon the available funds, the United Nations must submit U.S. Government forms TFS-5401 signed by authorized official(s) to the commercial bank. Funds are to be requested only as required to meet immediate disbursement needs.

5. It is understood that financial records, including documentation to support entries on accounting records and to substantiate charges against this Grant shall be maintained in accordance with the Grantee's usual accounting procedures, which shall follow generally accepted accounting practices. All

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such financial records shall be maintained for at least 3 years after final disbursement of funds under this Grant. All financial reports should be forwarded to M/FM/PAD, Room 621, SA-12, Agency for International Development, Washington, D.C. 20523.

6. The United Nations confirms that this trust fund will be audited in accordance with the established procedures under appropriate provisions of the financial regulations and rules of the United Nations and agrees to furnish copies of these audit reports to A.I.D. along with such other related information as may be requested by A.I.D. with respect to questions arising from the audit report.

7. It is understood that the funds granted hereunder shall be disbursed as set forth in Attachment B hereto entitled Payment Provisions.

8. The parties agree that this grant and the activities financed therewith, shall be managed by the Grantee in accordance with its established policies and procedures. The budget for this project indicating all donors to the September United Nations appeal shall be forwarded to A.I.D. upon finalization.

9. If the use of the Grant funds results in the accrual of interest to the Grantee or to any other person to whom the Grantee makes such funds available in carrying out the purpose of this Grant, the Grantee shall refund to A.I.D. any amount of interest earned.

10. The United Nations shall prepare a consolidated report of the trust fund containing a summary of the activities undertaken, with a list of the amounts expended by the United Nations. This report shall be submitted to A.I.D. on or before March 31, 1985.

11. This agreement, in whole or in part, may be terminated by either party at any time upon 30 days written notice. This agreement may be revised only by the written mutual consent of the parties hereto. In the case of termination, obligations on the part of A.I.D. to authorize further disbursements under the letter of credit shall be limited to only those required to meet legal noncancellable commitments made prior to the termination notice.

12. Please indicate your acceptance of this Grant by signing the original and three copies of this letter in the space provided below and return the original and one copy to AID/NE/ME, Room 4720, Agency for International Development, Washington, D.C. 20523. Two copies may be retained for your files.

12. The A.I.D. Technical Office responsible for monitoring this Grant is the USAID/Lebanon, American Embassy, Beirut, Lebanon.

THE UNITED STATES OF AMERICA

By: W. Antoinette Ford

Title: Assistant Administrator
Near East Bureau
Agency for International
Development

Date: April 3, 1984

Accepted:

UNITED NATIONS TRUST FUND FOR LEBANON

By: William B. Buffum

Title: Under-Secretary General for Political and General Assembly Affairs

Date: _____

Attachments:

- A. Project Description
- B. Payment Provisions
- C. Reporting Requirements

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ATTACHMENT A

Project Description

The civil war in Lebanon has been going on for nine years, and the United Nations Trust Fund has financed relief assistance for most of this period. As we enter 1984, the war persists and the need for this program continues. On February 23, the Secretary General made a special appeal for \$10 million to support relief needs of 70,000 families. This amount would allow these families to each receive four blankets, two mattresses, kitchen utensils and three months of food rations, at a cost per family of \$144. AID is contributing \$500,000 to this program.

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PAYMENT PROVISIONS: FEDERAL RESERVE LETTER OF CREDIT (FRLC) ADVANCE

This provision is applicable when the following conditions are met: (i) the total advances under all the Grantee's cost-reimbursement contracts and assistance instruments with AID exceed \$120,000 per annum, (ii) AID has, or expects to have, a continuing relationship with the Grantee of at least one year; (iii) the Grantee has the ability to maintain procedures that will minimize the time elapsing between the transfer of funds and the disbursement thereof, (iv) the Grantee's financial management system meets generally accepted accounting standards for fund control and accountability, and, either (v) the foreign currency portion of the total advance under this grant is less than 50%; or (vi) the foreign currency portion of the total advance under this grant is more than 50%, but more than one foreign currency country is involved).

(a) AID shall open a Federal Reserve Letter of Credit (hereinafter referred to as an "FRLC") in the amount of funding obligated by this grant, against which the Grantee may draw cash only for immediate disbursing needs. The term "immediate disbursing needs" when applied to FRLC's is defined as the cash requirements for a three-day period. Any subgrantee funded by the Grantee from funds provided by this grant, shall obtain such funds from the Grantee only as needed for disbursement. The financial management system of the Grantee shall provide for effective control over and accountability for Federal funds in accordance with its usual procedures and generally accepted accounting practices.

(b) FRLC Operational Requirements

(1) The Grantee will select a commercial bank that agrees to receive payment vouchers, TFS form 5401, "Payment Voucher on Letter of Credit," drawn on the U.S. Treasury and to forward such payment vouchers to the applicable Federal Reserve Bank or branch. The Grantee shall select a commercial bank that will credit the account of the Grantee at the time of presentation of the completed payment voucher. Immediate credit by the commercial bank will enable the Grantee to meet its responsibilities to draw cash only when actually needed for disbursements.

(2) After arranging with a commercial bank for operations under FRLC and obtaining the name and address of the Federal Reserve Bank or branch serving the commercial bank, the Grantee shall deliver to the AID Controller, three originals of Standard Form 1194, "Authorized Signature Card for Payment Vouchers on letters of Credit," signed by those officials authorized to sign payment vouchers against the FRLC and by the designated official of the Grantee who has authority to specify individuals to sign payment vouchers. Only those officials whose signatures appear on the SF-1194 can sign the TFS Form 5401. New signature cards must be submitted whenever there is a change in the persons authorized to sign payment vouchers.

(3) The Grantee shall subsequently receive one certified copy of the Federal Reserve Letter of Credit, SF-1193. No payment vouchers shall be presented to the commercial bank before the FRLC is opened. The SF-1193 indicates the effective date the FRLC is opened.

PAGE NO. SB-2	EFFECTIVE DATE January 13, 1983 -	TRANS MEMO NO. 13:29	AID HANDBOOK 13, App 5B
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(4) As funds are required for immediate disbursement needs, the Grantee will submit a properly completed payment voucher (Form TFS 5401) to the commercial bank for transmission to the Federal Reserve Bank or branch. The commercial bank may at this time credit the account of the Grantee with the amount of funds being drawn down. Payment vouchers shall not ordinarily be submitted more frequently than daily and shall not be less than \$5,000 or more than \$5,000,000. In no event shall the accumulated total of all such payment vouchers exceed the amount of the FRLC.

(5) In preparing the payment voucher, the Grantee shall assign a voucher number in numerical sequence beginning with 1 and continuing in sequence on all subsequent payment vouchers submitted under the FRLC.

(6) After the first payment voucher (Form TFS 5401) has been processed, succeeding payment vouchers shall not be presented until the existing balance of previous drawdowns has been expended or is insufficient to meet current needs.

(c) FRLC Reporting

Fifteen days following the end of each calendar quarter, the Grantee shall submit, to the office designated in the grant letter, a report showing for that quarter the cash on hand at the beginning of the quarter plus cash drawn under the FRLC during the quarter, the amount of project disbursements, and cash remaining on hand at the end of the quarter. The Grantee will indicate the number of days cash requirements represented by the amount shown as cash remaining on hand.

(d) Suspension of FRLC

(1) If at any time, the AID Controller determines that the Grantee has failed to comply with the terms and conditions of the FRLC, the AID Controller shall advise the Grant Officer who may cause the FRLC to be suspended or revoked.

(2) The Controller may recommend suspension or revocation to the Grant Officer on the grounds of an unwillingness or inability of the Grantee to: (A) establish procedures that will minimize the time elapsing between cash drawdowns and the disbursement thereof, (B) timely report cash disbursements and balances as required by the terms of the grant and (C) impose the same standards of timing of advances and reporting on any subrecipient or any of the Grantee's overseas field organizations.

BEST AVAILABLE DOCUMENT

ATTACHMENT C

REPORTING REQUIREMENTS

A. Grantee will submit to M/FM/PAD, Room 621, SA-12, Agency for International Development, Washington, D.C., 20523, 5 copies of regular financial reports, including annual or ad hoc audits, as produced in accordance with Grantee's policy and issued to all donors to the trust fund. In addition, Grantee will provide a consolidated summary report of trust fund activities as detailed in Paragraph 10 of the Letter Grant Agreement.

B. Grantee will submit to address in A above 1 copy of a report as described in paragraph (c), FRLC Reporting, of Attachment B.

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