PDKAL 234

AGENCY FOR INTERNATIONAL DEVELOPMENT

UNITED STATES OF AMERICA AID MISSION TO HONDURAS

AMERICAN EMBASSY

TEGUCIGALPA, HONDURAS

MAR 25 1988

Sr. Eduardo Pérez
Director
Fundaciôn para la Vivienda Cooperativa
(CHF)
Edificio Palmira 5to. Nivel
Tegucigalpa, D.C.

REF: Donaciôn No. 522-ESF-0332
Programa de Empleo y Mejoramiento de
Vivienda para Honduras
Convenio de Donaciôn

Estimado Sr. Pérez:

De conformidad con los arreglos acordados entre la Agencia para el Desarrollo Internacional, (de aqui en adelante denominada "A.I.D.") y el Gobierno de Honduras para el uso de lempiras segûn lo especificado en la Carta de Ejecuciôn No. 4, del 19 de septiembre de 1985, bajo el Programa de Estabilizaciôn Econômica, Programa No. 522-0283 y continuado bajo el Programa de Estabilización Económica y Recuperación II (Programa No. 522-0323), para las Actividades del Sector Privado, la A.I.D., en cooperaciôn con el GdeH hace disponible la cantidad de L7,000,000 a la Fundaciôn para la Vivienda Cooperativa, para proporcionar apoyo para un programa en Honduras, tal como se describe en el Anexo B de esta Carta de Convenio, titulado "Descripciôn del Proyecto y Condiciones del Convenio".

Esta donaciôn es efectiva y los fondos se hace disponible en la fecha de esta carta y aplicarâ a los compromisos contraîdos por el Donatario para fomentar los objetivos del Programa durante el perîodo que comienza el 1 de septiembre de 1987 y termina el 7 de septiembre de 1989.

Mr. Eduardo Pérez
Director
Cooperative Housing Foundation (CHF)
Edificio Palmira 5to Nivel
Tegucigalpa, D.C.

REF: Grant No. 522-ESF-0332
Home Improvements and Jobs Program for
Honduras
Grant Letter of Agreement

Dear Mr. Pérez:

Pursuant to arrangements agreed upon between the Agency for International Development (hereinafter referred to as "A.I.D.") and the Government of Honduras for the use of local currency as specified in Implementation Letter No. 4, dated September 19, 1985, under the Economic Stabilization Facility, Program No. 522-0283, and continued under the Economic Stabilization and Recovery Program II (Program No. 522-0323) for Private Sector Activities, A.I.D., in cooperation with the GOH, makes L7,000,000 available to the Cooperative Housing Foundation to provide support for a program in Honduras, as described in Attachment B of this Letter of Agreement, entitled "Project Description and Conditions of the Agreement".

This Grant is effective and funds made available 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 September 1, 1987 and ending September 7, 1989.

CONFORMED COPY

/

Esta donaciôn es hecha a la Fundaciôn para la Vivienda Cooperativa con la condiciôn de que los fondos aquî provistos searân administrados de acuerdo con los términos y condiciones establecidos en el Anexo A, tituiado "Suplemento", Anexo B, titulado "Descripciôn del Proyecto", Anexo C, titulado "Plan Financiero" (Presupuesto) y Anexo D, titulado "Estipulaciones Generales" las cuales han sido convenidas por su organizaciôn.

Favor firmar el original y las siete (7) copias de esta carta como muestra de su aceptaciôn de las condiciones bajo las cuales estos fondos han sido otorgados devolviendo el original y seis (6) copias de esta Donaciôn a la Agencia para el Desarrollo Internacional Misiôn de Honduras.

Atentamente,

This Grant is made to the Cooperative Housing Foundation on the condition that the funds herein made available will be administered in accordance with the terms and conditions as set forth in Attachment A, entitled "Schedule", Attachment B, entitled "Project Description", Attachment C, entitled "Financial Plan (Budget) and Attachment D, 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 made available and return the original and six (6) copies of this Grant to the Agency for International Development, Mission to Honduras.

Sincerely,

John A. Sanbrailo
Mission Director

Aceptada por: FUNDACION PARA LA VIVIENDA COOPERATIVA
Accepted by: COOPERATIVE HOUSING FOUNDATION

NOMBRE: Eduardo A. Pérez
(NAME:)

TITULO: Country Director
(TITLE:)

FECHA: March 25, 1988
(DATE:)

DATOS FISCALES
FISCAL DATA

Asignaciôn (Assigned)	N/A
Côdigo Presupuestario (Budgetary Code)	N/A
No. del Proyecto (Project No.)	No.522-ESF-0332
Monto Total Estimado (Estimated Amount)	L7,000,000
Monto Hecho Disponible (Amount Made Available)	L7,000,000

TERMINOS

A. Propósito de la Donación

El propósito de esta Donación es proporcionar apoyo de asistencia técnica y financiera a través de la Fundación para la Vivienda Cooperativa, a organizaciones cooperativas hondureñas sin fines de lucro del sector privado y OPVs las cuales a su vez patrocinan el mejoramiento de la vivienda, mejoramiento de la comunidad, nuevos proyectos de construcción de nucleos de casas y ofrecer préstamos a las pequeñas empresas constructoras para beneficiarios de ingresos medianos bajos por todo Honduras. Esto se describe más ampliamente en el Anexo B de esta Donación, titulado "Descripción del Proyecto".

B. Período y Cantidad de la Donación

1. La fecha efectiva de esta Donación es el 1 de septiembre de 1987. La fecha de terminación de esta Donación es el 7 de septiembre de 1989. Los costos incurridos por actividades relacionadas con la implementación del Proyecto son elegibles para reembolso desde el 1 de septiembre de 1987.

2. La A.I.D. y el Gobierno de Honduras por este medio donan la cantidad de SIETE MILLONES DE LEMPIRAS (L7,000,000) para los propósitos de esta Donación durante el período establecido en el Artículo B.1 anterior y como se muestra en el Plan Financiero (Presupuesto), más adelante.

3. La cantidad total estimada de esta Donación para el período presentado en el Artículo B.1 es de SIETE MILLONES DE LEMPIRAS (L7,000,000).

SCHEDULE

A. Purpose of the Grant

The purpose of this Grant is to provide financial and technical assistance support through the Cooperative Housing Foundation, to Honduras Private, nonprofit Cooperative Organizations and PVO's which in turn sponsor home improvement, community improvement, new core house construction projects and offer loans to small construction businesses for below median income beneficiaries throughout Honduras. This is further described in Attachment B to this Grant, entitled, "Project Description".

B. Period and Amount of Grant

1. The effective date of this Grant is September 1, 1987. The expiration date of this Grant is September 7, 1989. Costs incurred for the implementation of Project related activities are eligible for reimbursement from September 1, 1987.

2. A.I.D. and the Government of Honduras hereby grant the amount of SEVEN MILLION LEMPIRAS (L7,000,000) for the purposes of this Grant during the period set forth in Article B.1. above, and as shown in the attached Financial Plan (Budget) below.

3. The total estimated amount of this Grant for the period shown in Article B.1 is SEVEN MILLION LEMPIRAS (L7,000,000).

4. Los ajustes entre los rubros en el plan financiero en exceso del 15% están sujetos a la aprobación de la A.I.D.

5. Esta Donación será desembolsada en partes de acuerdo con la disponibilidad de fondos en moneda local y con las necesidades del programa.

6. Se deberá mantener la documentación apropriada para los recursos en moneda local del GdeH. Es responsabilidad del Donatario mantener registros separados y adecuados pertenecientes a estos gastos de acuerdo con los principios contables generalmente aceptados. La documentación de apoyo para estos recursos no tiene que ser remitida a la A.I.D., pero debe mantenerse por un período de tres años despûes del desembolso final bajo esta Donación. La A.I.D. y el GdeH se reservan el derecho de auditar o inspeccionar los archivos en referencia para asegurar que los fondos estan siendo usados para costos elegibles como se definen en el Convenio de Donación. El Donatario deberá remitir trimestralmente a la A.I.D. un reporte cumulativo detallado de los desembolsos por rubro.

C. Plan Financiero

El Anexo C, parte A de esta Carta de Convenio, proporciona el plan financiero (Presupuesto) para esta Donación. Revisiones a este plan deberân hacerse de acuerdo con los procedimientos establecidos en el Anexo D, de este convenio titulado "Disposiciones Generales". El plan indica las necesidades del proyecto durante los dos (2) años de vida del proyecto.

Contraparte

Las contribuciones de contraparte de CHF provendrân en parte de instituciones participantes y en parte de los mismos beneficiarios.

4. Adjustments among budget line items in the financial plan in excess of 15% are subject to AID approval.

5. This Grant will be disbursed in tranches according to the availability of local currency funds and the needs of the program.

6. Proper documentation shall be maintained for the GOH local currency resources. It is the responsibility of the Grantee to keep separate and adequate records pertaining to these expenditures in accordance with generally accepted accounting principles. Supporting documentation for these resources does not have to be submitted to A.I.D., but must be maintained for a period of three years after the final disbursement is made under this Grant. A.I.D. and the GOH reserve the right to audit or inspect the files in reference to ensure that funds are being used for eligible costs as defined in the Grant Agreement. The Grantee shall submit quarterly to A.I.D. a cumulative detailed report of disbursements by budget line item.

C. Financial Plan

Attachment C, part A of this Letter of Agreement, provides the financial plan (Budget) for this Grant. Revisions to this plan shall be made in accordance with procedures set forth in attachment D entitled "Standard Provisions" to this agreement. The plan indicates Project needs during the two (2) years of the life of the Project.

Counterpart

CHF Counterpart contributions will come partly from the participating institutions and partly from the beneficiaries themselves.

D. Evaluaciones y Reportes

1. Un Reporte de progreso sobre el logro de los objetivos del Proyecto deberâ presentarse a la A.I.D tres meses después de la fecha de este Carta de Convenio y cada tres meses de allî en adelante a fin de evaluar el proyecto y logros de los objetivos del Proyecto listados en la Descripciôn Detallada del Proyecto. Cada Reporte Trimestral resumirâ el progreso del Proyecto en relaciôn a lo planificado, cualquier contratiempo en la implementaciôn del Proyecto que se haya experimentado y los esfuerzos necesarios para resolver los problemas presentados.

2. Una evaluaciôn detallada del progreso del proyecto se llevarâ a cabo después del primer año para examinar el progreso del proyecto hacia las metas de implementaciôn. También habrâ una evaluaciôn al final del proyecto. La evaluaciôn final del impacto también se harâ con la posible asistencia técnica en evaluaciones a corto plazo de fuentes no-hondureñas. Los fondos para esta evaluaciôn estân incluidos bajo el componente de Asistencia Técnica de la Donaciôn Regional original de la A.I.D. a CHF.

3. Los planes de evaluaciôn y protocolo para el estudio de datos de base requerirâ la aprobaciôn previa de A.I.D.

E. Reportes Financieros

Un Reporte de Estado Financiero, que reflejarâ los costos recurrentes, deberâ ser remitido trimestralmente a mâs tardar 30 dîas después de finalizar el trimestre, en original y dos (2) copias. El Reporte final del Estado Financiero se deberâ remitir dentro de los 90 dîas después de concluir la Donaciôn.

D. Reporting and Evaluations

1. A Progress Report in meeting Project objectives should be submitted to A.I.D. three months from the date of this Letter of Agreement and every three months thereafter in order to evaluate the project and assess the degree of achievement of the Project objectives listed in the Detailed Project Description. Each Quarterly Report will summarize Project progress in relation to that planned, any constraints to Project implementation being experienced, and efforts believed necessary to resolve the problems encountered.

2. An in depth project progress evaluation will be carried out after the first year of the project in order to scrutinize project progress toward implementation targets. There will also be an end-of-project evaluation. The final impact evaluation will also be done, with the possible assistance of short-term technical evaluation assistance from non-Honduran sources. Funds for this evaluation are included under the Technical Assistance component of the original A.I.D. CHF Regional Grant.

3. The evaluation plans and protocol for the base line data study will require prior A.I.D. approval.

E. Financial Reports

A Financial Status Report which will reflect recurrent costs, shall be submitted quarterly no later than 30 days after the end of the quarter in an original and two (2) copies. The final Financial Status Report must be submitted within 90 days after the conclusion of the Grant.

El Donatario remitirâ trimestralmente a la A.I.D. un reporte acumulativo detallado de los desembolsos por rubro. Estos reportes deberân incluir lo siguiente:

1. Un Estado mensual de Ingresos y Desembolsos que indique las fuentes de ingresos y desembolsos por rubros. Este Estado es similar al incluido por Mendieta y Asociados en su informe al 30 de septiembre de 1986.

2. Un Estado de Ejecuciôn Presupuestaria que muestre el presupuesto aprobado por la A.I.D., los desembolsos mensuales, los desembolsos acumulados y los saldos disponibles por cada componente del Proyecto.

3. Una conciliaciôn de la cuenta bancaria del Proyecto debidamente revisada y aprobada por el Director de CHF y respaldada por el estado de cuenta del banco.

4. Un listado mensual de los cheques girados contra la cuenta del Proyecto indicando: a) nûmero del cheque, b) fecha del cheque, c) nombre del beneficiario, d) valor del cheque y e) concepto del pago.

5. CHF desarrollarâ un presupuesto por las operaciones del primer y segundo año para demostrar como serân gastados los fondos .

F. Procedimientos de Pago

El pago deberâ hacerse al Donatario de acuerdo al rubro establecido en el Anexo C, "Plan Financiero".

G. Condiciones del Convenio

Sujeto al mutuo consentimiento de ambas partes y a la disponibilidad de fondos,

The Grantee shall submit quarterly to A.I.D. a cummulative detailed report of disbursements by budget line item. These reports shall also include the following:

1. A monthly Income and Disbursement Statement that indicates the income sources and the disbursements by line items. This Statement is similar to the one included in the report of Mendieta and Associates of September 30, 1986.

2. A Budgetary Execution Statement that shows the budget approved by A.I.D. the monthly disbursements, the accumulated disbursements and the balance available for each project component.

3. A conciliation of the project's bank account duly revised and approved by the CHF Director and backed by the bank's account statement.

4. A monthly listing of the checks drawn against the Project's account indicating: a) number of the check, b) date of the check, c) name of the beneficiary, d) amount of the check and e) reason for payment.

5. CHF will develop a budget for the operations of the first and second year to demonstrate how the funds will be spent.

F. Payment Procedures

Payment shall be made to the Grantee in accordance with budget line items set forth in Attachment C, "Financial Plan".

G. Conditions of the Agreement

Subject to the mutual consent of both parties and the availability of funds,

de conformidad a lo convenido entre la A.I.D. y el Gobierno de Honduras, la A.I.D. proporcionarâ L7,000,000 del Programa de Servicios de Estabilizaciôn Económica y Recuperaciôn II, 522-ESF-0323, Cuenta del Fondo Especial. El Donatario acuerda proporcionar todas las otras aportaciones necesarias, incluyendo contribuciones financieras, administrativas y en especie contribuciones necesarias para llevar a cabo el Proyecto, incluyendo los costos de contraparte identificados en el Plan Financiero contenido en el Anexo C de esta Donaciôn.

Además, el Donatario también se compromete a las siguientes condiciones:

1. La CHF implementarâ un sistema de evaluaciôn y monitoreo diseñado para medir los resultados tangibles del proyecto y también proporcionarâ indicaciones de resultados intangibles. Este sistema de evaluaciôn y monitoreo se llevarâ a cabo a nivel nacional, comunitario, individual y familiar.

2. La regularizaciôn de la Tenencia de Tierra serâ requerida por la CHF para los proyectos de vivienda financiados en âreas urbanas antes del empezar la construcciôn. La regularizaciôn de la tenecia de tierra serâ fomentada en las âreas rurales.

3. La CHF acuerda que los Proyectos originalmente aprobados pero sin finaciamiento bajo la Donaciôn Regional serân terminados con fondos de esta donaciôn. La CHF diseñarâ sus proyectos de tal manera que asegurarâ que los beneficiarios son de grupos con ingresos bajos. Basado en este grupo, CHF limitarâ la disponibilidad de financiamiento total al beneficiario en cualquier tiempo de acuerdo a los totales de las cantidades siguientes:

pursuant to arrangements agreed upon between A.I.D. and the Government of Honduras, A.I.D. will provide L7,000,000 from the Economic Stabilization and Recovery Program II 522-0323, Special Account Fund. The Grantee agrees to provide all other necessary inputs, including financial, managerial and in-kind contributions necessary to carry out the Project, including those counterpart costs identified in the Financial Plan contained in Attachment C.

Furthermore, the Grantee also agrees to the following conditions:

1. CHF will implement an evaluation and monitoring system designed to measure tangible results of the project and will provide indications of intangible results. This evaluation and monitoring system will take place at the national level, community level, and family and individual levels.

2. Regularization of Land Tenure will be required by CHF for shelter projects financed in urban areas before construction is started. Regularization of Land Tenure will be encouraged in rural areas.

3. CHF agrees that Projects originally approved but unfunded under the Regional Grant will be completed with funds from this grant. CHF will design its projects in such a way as to assure that beneficiaries are from the lower income groups. Based on this target group, CHF will limit total financing available at any one time to a beneficiary to the following total amounts:

- Tegucigalpa L 12,777
- San Pedro Sula L 11,912
- Ciudades Secundarias(10) L 6,912
- Otras zonas urbanas y rurales L 5,000

En consulta y de acuerdo con la A.I.D. estas cantidades podrân ser aumentadas en el futuro, a medida que los hallazgos sobre y los nuevos ingresos medios sean establecidos por la A.I.D.

La CHF dirigirâ la mayorîa de los recursos de Donaciôn hacia los beneficiarios de bajos recursos econômicos en Honduras. La aplicaciôn para financiamiento de este programa no se podrâ aplicar a la construcciôn de nuevas casas a excepciôn de lo que se explica a continuaciôn.

Las Inversiones Elegibles incluirân:

- Préstamos para mejoras de vivienda;
- Préstamos para construcciôn de vivienda, solamente cuando el beneficiario administre la construcciôn;
- Mejoras de comunidad manejadas por Organizaciones Privadas Voluntarias (OPV) (o cooperativas) en la escala de posibilidades de la comunidad donde la tenencia de tierra halla sido asegurada y que otros requisitos hallan sido cumplidos;
- Centros Prductores de Materiales de Construcciôn;
- Construcciôn de proyectos de lotes y servicios (con o sin construcciôn de vivienda o préstamos para mejoras);
- Construcciôn de nuevas viviendas. Se darâ prioridad al financiamiento interino

-Tegucigalpa L 12,777
-San Pedro Sula L 11,912
-Secondary Cities(10) L 6,912
-Other Urban and Rural areas L 5,000

In consultation and agreement with A.I.D. these figures may be raised in the future as incomes and new median income findings are established by A.I.D.

CHF will direct the majority of these grant resources to the lowest income beneficiaries in Honduras. Application of financing from this program may not be applied to the construction of new homes except as explained below.

Eligible Investment will include:

- Home Improvement loans;
- Home construction loans only where the beneficiary manages the construction;
- Private Voluntary Organization (PVO) (or cooperative) managed community improvements of any scale affordable to the community where land tenure has been secured and other requirements have been met;
- Building Materials Production Centers;
- Construction of sites and services projects (with or without accompanying home construction or improvement loans);
- New Home Construction. Priority will be given to interim financing for

para la construcciôn de proyectos de OPV (y cooperativa) para los cuales se proporciona financiamiento a largo plazo de otras fuentes (FOVI, INJUPEM, etc). La CHF proveerâ financiamiento a largo plazo para la construcciôn de proyectos de vivienda solo cuando no sea posible asegurar el financiamiento a largo plazo de otras fuentes. (Por ejemplo, si FOVI se queda sin fondos de Garantîa de Vivienda y decide no invertir sus propios fondos y otras instituciones como INJUPEM se rehusan a invertir en proyectos de vivienda a bajo costo. Estas soluciones deben estar al alcance de familias con nivel de ingreso medio bajo.

La A.I.D. convendrâ por escrito con la CHF previo al desembolso de fondos o el compromiso para desembolsar fondos para otras actividades que no sean costos administrativos o de asistencia técnica.

La CHF se compromete por este medio a permitir préstamos contînuos, donando y proporcionando asistencia técnica con los reingresos de la donaciôn original de la A.I.D./Washington y de la donaciôn de la AID/Honduras.

H. Auditorîas y Reportes

El Donatario deberâ presentar trimestralmente a la A.I.D. un reporte cumulativo detallado de los desembolsos por rubros. Otros estados financieros se prepararân y se remitirân tal como lo requiera la Misiôn de A.I.D.

the construction of PVO (and cooperative) projects for which long-term financing is provided from other sources (FOVI, INJUPEM, etc). CHF will provide long-term financing for the construction of housing projects only when it is not possible to secure the long-term financing from other sources. (for example, if FOVI runs out of Housing Guarantee funds and chooses not to invest its own funds or other institutions such as INJUPEM refuse to invest in low-cost housing projects. These solutions must be affordable by families at or below median income levels.

A.I.D. will concur in writing to CHF prior to the disbursement of funds or the commitment to disburse funds other than for administrative costs or technical assistance.

CHF is hereby committed to allow continual relending, granting and provision of technical assistance with the reflows of the original A.I.D./Washington grant and from the USAID/Honduras grant.

H. Records and Audits

The Grantee shall submit quarterly to A.I.D., a cumulative detailed report of disbursements by budget line item. Other financial statements will be prepared and submitted as required by A.I.D.

ADJUNTO B

Descripciôn Detallada del Proyecto y Condiciones del Convenio

I. Propôsito

El propôsito de este proyecto es proporcionar asistencia técnica y financiera a organizaciones privadas, cooperativas sin fines de lucro, a organizaciones privadas voluntarias y federaciones. Estas organizaciones patrocinarân y desarrollan proyectos de mejoramiento de viviendas, mejoras a la comunidad, construcciôn de niveles de casas y proporcionarân asistencia a negocios dedicados a la producciôn de materiales de construcciôn para beneficiarios de ingresos medios bajos por todo el país. Este Proyecto serâ complementario al Programa actual de Garantía Habitacional (522-HG-008) y contribuirâ con las metas de desarrollo de Honduras al ayudar a aumentar los niveles actuales de empleo, producciôn, ingreso, educaciôn, salud y bienestar por todo Honduras.

El proyecto tiene seis (6) componentes: 1) Componente de Mejoramiento de Vecindades y Servicios Comunitarios; 2) Componente de Cooperativas de Vivienda en autoayuda; 3) Componente de Mejoramiento de Vivienda y "Construya en su propio lote"; 4) Componente de Centros Productivos de Materiales de Construcciôn; 5) Componente de Apoyo Institucional y 6) Componente de Capacitaciôn y Talleres. Se espera que el componente de apoyo institucional y el de capacitaciôn y talleres contribuirân al fortalecimiento institucional de CHF/Honduras, Cooperativas, Federaciones y OPV en el Sector Vivienda.

II. Metas y Objetivos del Proyecto

La meta del programa es promover la igualdad y amplia participaciôn en el desarrollo dentro del marco de las instituciones democrâticas y el respeto por los derechos humanos.

ATTACHMENT B

Detailed Description of the Project and Conditions of the Agreement

I. Purpose

The purpose of this project is to provide financial and technical assistance to private, non profit cooperative organizations, federations and private voluntary organizations. These organizations will sponsor and develop home improvements, community improvements, new core house construction and provide assistance to businesses that make construction materials for below median income beneficiaries throughout the country. This Project will be complementary to the present Housing Guaranty Program (522-HG-008) and will contribute to the development goals of Honduras in that it will help increase present levels of employment, production, income, education, health and well-being throughout Honduras.

The project is composed of six (6) components: 1) Neighborhood Improvement Community Services Component; 2) Self-Help Housing Cooperatives Component; 3) Home Improvement and "Build on your own lot" Construction Component; 4) Building Materials Production Centers Component; 5) Institutional Support Component, and; 6) Training and Workshop Component. It is expected that the institutional support and the training and workshops component will contribute to the institutional strengthening of CHF/Honduras, Cooperatives, Federations and PVOs in the Housing Sector.

II. Goal and Objectives of the Project

The goal of the program is to promote equity and broad participation in development within a framework of democratic institutions and respect for human rights.

Los objetivos primordiales del Programa de la CHF son:

1. Fortalecer la contribución del sector privado sin fines de lucro para mejorar las condiciones físicas de vida de las familias con bajos ingresos;

2. enfocar la atención a valores actuales en la propiedad hacia las personas con ingresos bajos aumentando el acceso al crédito para vivienda y mejora comunitaria y permitiéndoles una mejor participación en el proceso de desarrollo en una forma democrática mediante el apoyo y fortalecimiento del Movimiento Cooperativo; y

3. promover un mejor entendimiento de los valores democráticos y del sistema democrático de gobierno.

III. Estrategia del Programa

La estrategia usada para lograr estas metas y objetivos es el Sistema de Desarrollo Cooperativo CHF (SDC). Los Elementos de SDC incluyen: Organizaciones de Servicios Técnicos (OTS), Cooperativas de Mejoramiento de Aldeas y Vecindarios (CMS, CMVs) Cooperativas de Vivienda de Autoayuda (CVAA), Mecanismos de Crédito (MC) y Centros Productores de Materiales de Construcción (CPMC).

El SDC servirá como catalizador para el desarrollo de sistemas, los cuales pueden movilizar y canalizar recursos de autoayuda para mejoras a la comunidad y vivienda, a través de instituciones democráticamente organizadas del sector privado. La asistencia técnica y de capital serán provistos a los varios componentes de estos sistemas del sector privado y serán implementados de modo que fomente el establecimiento de vínculos entre los varios componentes organizativos de CHF y SDC.

The primary objectives of the CHF program are:

1. Strengthen the non-profit private sector contribution to improve physical living standards for low-income families;

2. Address "equity" concerns of low income people by increasing access to credit for shelter and community improvement and allow them to better participate in the development process in a democratic way by supporting and strengthening the Cooperative Movement; and,

3. Promote a better understanding of democratic values and the democratic system of government.

III. Program Strategy

The strategy used to achieve these goals and objectives is the CHF Cooperative Development System (CDS). The Elements of the CDS include: Technical Service Organizations (TSO); Neighborhood and Village Improvement Cooperatives (NICs, VICs); Self Help-Housing Cooperatives (SHHC), Credit Mechanisms (CM); and Building Materials Production Centers (BMPCs).

The CDS is to serve as a catalyst for the development of systems which can mobilize and channel resources for self-help community improvements and shelter through private sector, democratically organized institutions. Technical and capital assistance to the various components of these private sector systems will be provided and will be implemented in ways which encourage the establishment of linkages among the various organizational components of the CHF Cooperative Development Systems.

Los elementos específicos de la estrategia incluyen:

1. Provisión de donaciones para apoyo institucional, asistencia técnica locales para ayudar a las organizaciones locales del sector privado a mejorar y fortalecer su capacidad de absorción para implementar proyectos.

2. Provisión de asistencia de capital a través de las Federaciones Cooperativas y OPVs para demostrar la efectividad de estas organizaciones en la ejecución de actividades de pequeña escala que directa y rápidamente mejoran la calidad de vida del pobre al proporcionar más empleos, servicios comunitarios y mejora de vivienda;

3. Desarrollo de programas de capacitación y sistemas que puedan usar las organizaciones locales privadas, sin fines de lucro y federaciones cooperativas para capacitar más líderes de comunidades y cooperativas en técnicas democráticas para proyectos cooperativos de autoayuda;

4. Organización e implementación de conferencias y talleres a nivel nacional y regional sobre temas relacionados con el desarrollo de subproyectos a ser conducidos en base regular para mejorar el intercambio de información y experiencia en el país. Actividades de capacitación y talleres cubrirán una variedad de tópicos abarcando desde temas técnicos sobre técnicas de construcción hasta talleres de desarrollo cooperativo;

5. Demostración de métodos que han sido probados en la producción de vivienda de bajo costo en caseríos y aldeas para fomentar su adopción por la municipalidad y organizaciones del sector privado;

6. Provisión de asistencia técnica y crediticia para el mejoramiento y el aumento eficaz de la producción y

Specific elements of the strategy include:

1. Provision of institutional support grants and technical assistance to help local private sector organizations improve and strengthen their absorptive capacity to implement projects;

2. Provision of capital assistance through Cooperative Federations and PVOs to demonstrate the effectiveness of these organizations in implementing small scale activities which directly and quickly improve the quality of life of the poor by providing more jobs, community services and improve shelter;

3. Development of training programs and systems which can be used by local private, non-profit organizations and cooperative federations to train many more community and cooperative leaders in democratic techniques for cooperative self-help projects;

4. Organization and implementation of regional and national level conferences and workshops on subjects relating to the development of the subprojects to be conducted on a regular basis to improve exchange of information and experience in the country. Training activities and workshops will cover a variety of topics ranging from technical subjects on construction techniques to cooperative development workshops;

5. Demonstration of methods which have been well tested in producing low cost shelter in squatter settlements and towns to encourage their adoption by local government and private sector organizations;

6. Provision of credit and technical assistance for improving and increasing the efficiency of the production and

distribución de materiales de construcción en caseríos y aldeas. Esto debe de resultar en el incremento de su tamaño y consecuentemente el aumento de más empleos al tiempo que mejor se sirve a las comunidades;

7. Promoción y fomento de una red de trabajo serán provistos a través de seminarios y talleres para las federaciones cooperativas y OPVs activas en mejoramiento de programas comunitarios y de generación de empleo;

8. Preparación de una serie de publicaciones, materiales de capacitación y manuales de entrenamiento relativos a cada uno de los componentes más importantes del Proyecto;

9. Promoción de la participación de la mujer en el programa para ayudar a cumplir sus necesidades de una vivienda adecuada, servicios y aumento de ingresos para pagar estas y otras necesidades urgentes de la familia. La CHF llevará a cabo actividades para asegurar que la mujer también participe igual y activamente en los procesos democráticos de toma decisiones en sus comunidades y cooperativas así como estar representada significativamente en el liderazgo de sus comunidades, cooperativas y federaciones cooperativas.

La Documentación de los beneficios proporcionados en los subproyectos será comparadas a través de varias técnicas de evaluación con otras vecindades no servidas. Los resultados se harán disponibles a la A.I.D., oficiales gubernamentales y a otras organizaciones del sector privado a fin de que los proyectos demostrativos sirvan como modelo para programas en mayor escala.

La CHF realizará la tarea especificada en su propuesta revisada el 28 de julio de 1987, y originalmente fechada mayo 8 de 1987 titulada "Programa de Empleo y Mejoramiento de Vivienda de CHF para

distribution of building materials in the squatter settlements and towns. This should result in increasing their size and thereby produce more jobs while better servicing the communities;

7. Promotion and encouragement of networking will be given through seminars and workshops to the cooperative federations and PVOs active in community upgrading and job generation programs;

8. Preparation of a series of publications and training materials and training manuals relating to each of the major components of the Project; and

9. Promotion of women's participation in the program to help meet their need for adequate shelter, services and increased income to pay for these and other urgent family needs. CHF will undertake activities to insure that women are also actively and equitably participating in democratic decision making processes in their communities and cooperatives as well as being significantly represented in the leadership of their communities, cooperatives and cooperative federations.

Documentation of the benefits provided in the subprojects will be compared to other neighborhoods not served through various evaluation techniques. The results will be made available to A.I.D., Government officials and other private sector organizations so that the demonstration projects will serve as models for wider, larger scale programs.

CHF shall perfom the tasks as outlined in its proposal, as revised on July 28 1987, and originally dated May 8, 1987 entitled "CHF's Home Improvement and Jobs Program

Honduras". En caso de inconsistencias entre este Convenio y la aprobaciôn de la CHF, este Convenio deberâ prevalecer.

IV. Aportaciones al Proyecto

Las aportaciones de la A.I.D./GdeH durante la vida del proyecto consistirân de L7,000,000 sujeto a la disponibilidad de fondos en fondos de donaciôn para las Organizaciones Cooperativas, Federaciones y Organizaciones Privadas Voluntarias.

La programaciôn de estos fondos se presenta en el Anexo C, titulado "Plan Financiero" (presupuesto) de este convenio.

Las aportaciones de la CHF al proyecto serân generados durante la Ejecuciôn del Proyecto. La CHF actualmente estâ generando pagos de capital e interés provenientes de una donaciôn previa de la A.I.D. La CHF reinvertirâ todos los pagos de capital e intereses en nuevos préstamos, donaciones y asistencia técnica, para eventualmente financiar todo o parte de sus costos operacionales. Esto conducirâ a la continuaciôn su servicio después de terminarse los fondos del Proyecto.

V. Logros del Proyecto

Los resultados del Proyecto a realizarse por esta Donaciôn son los siguientes:

1. Veinticinco proyectos de mejoramiento de servicios comunitarios para caseríos, aldeas o pueblos beneficiando aproximadamente 31,250 personas de bajo ingreso a través de Cooperativas de Mejoramiento de Vecindarios;

2. Creaciôn del equivalente de un año completos de empleo para aproximadamente 367 personas;

for Honduras". In the case of inconsistencies between this Agreement and the CHF proposal this Agreement shall prevail.

IV. Project Inputs

A.I.D./GOH inputs for the life of the Project will consist of L7,000,000 subject to the availability of Grant funds for Cooperative Organizations, Federations and Private Voluntary Organizations.

These funds have been programmed as shown in Attachment C, entitled "Financial Plan (budget) to this agreement.

CHFs inputs to the Project will be generated during Project Implementation. CHF is currently generating capital and interest payments from a prior A.I.D. Grant. CHF will reinvest all capital and interest payments back into new loans, grants and technical assistance to eventually finance a portion if not all of its operational cost. This will be conducive to CHF continuing its services after Project funds have been expended.

V. Project Outputs

Project outputs to be realized by this Grant are the following:

1. 25 improved community services projects provided in squatter settlements or towns benefiting approximately 31,250 low income people through Neighborhood Improvement Cooperatives;

2. Creation of the equivalent of a full year of employment for approximately 367 people;

3. Donaciones y préstamos para 10 organizaciones locales para subproyectos múltiples a través de todo Honduras;

4. Préstamos a 200 centros productores de materiales de construcción empleando 1,000 personas;

5. Tres cooperativas de vivienda de autoayuda para proporcionar vivienda para 1,000 personas;

6. Crédito provisto a 10 (diez) cooperativas de crédito y OPVs para préstamos de mejoramiento de viviendas beneficiando 9,000 personas;

7. Veinticuatro talleres para proveer información y orientación sobre proyectos a cooperativas existentes y OPVs;

8. Se proporcionará asistencia técnica a 20 (veinte) OTS y OPVs y organizaciones cooperativas;

9. Preparación de materiales audio/visuales, manuales y publicaciones sobre capacitación (específicamente sobre el País y Regionalmente).

VI. Resultados a Largo Plazo

1. Establecimiento de procesos democráticos estructuradas, "de origen popular" con capacitación y práctica en desarrollo;

2. Establecimiento de sistemas permanentes para el futuro desarrollo e implementación de programas similares;

3. Mejoramiento permanente en las condiciones físicas de la comunidad;

4. Mejoramiento del ambiente para actividades económicas a nivel comunitario;

5. Cambios en la política y uso de financiamiento local.

3. Grants and loans to 10 local organizations for multiple subprojects throughout Honduras;

4. Loans to 200 building material production centers employing 1,000 people;

5. 3 self-help housing cooperatives completed providing shelter for 1,000 people;

6. Credit provided to 10 credit cooperatives and PVOs for home improvement loans benefitting 9,000 people;

7. 24 workshops to provide project orientation and information to existing cooperatives and PVO's;

8. Technical assistance will be provided to 20 TSOs, PVO and cooperative organizations;

9. Preparation of audio/visual materials, manuals and training publications (Regional and Country Specific).

VI. Long Term Results

1. Establishment of structured democratic processes at the "Grass Roots", with training and on-going practice;

2. Establishment of permanent systems for future development and implementation of similar programs;

3. Permanent improvement in the physical conditions of the community;

4. Improved climate at community level for economic activity;

5. Policy changes and use of local funding.

ADJUNTO C

Plan Financiero
(Presupuesto)

A continuación se detalla el presupuesto para esta Donación. Las revisiones a este presupuesto se harán de acuerdo con la Estipulación General No. 4 de esta Donación titulada "Revisión del Presupuesto de la Donación".

1. Procedimientos del Desembolso:

El desembolso de estos fondos será hecho de acuerdo a los procedimientos establecidos en el Anexo D, titulado "Estipulaciones Generales" de este Convenio.

2. Financiamiento del Subproyecto

Los Fondos del Proyecto por un tota de (L7,000,000) Siete Millones de lempiras, han sido programados para este Subcomponente, sujeto a la disponibilidad de fondos, según se detalla a continuación:

ATTACHMENT C

Financial Plan
(Budget)

The following is the budget for this Grant. Revisions to this budget shall be made in accordance with "Standard Provision" No. 4 of this Grant entitled "Revision of Grant Budget".

1. Disbursement Procedures:

Disbursement of these funds will be made according to procedures set forth in attachment D, entitled "Standard Provisions" to this agreement.

2. Subproject Financing

Project Funds Totaling (L7,000,000) Seven Million Lempiras, have been programmed for this Subcomponent subject to the availability of funds as follows:

Financial Plan
Plan Financiero

September 1, 1987 to September 7, 1989
Del 1 de setiembre de 1987 al 7 de setiembre de 1989.

A. SUB PROJECTS (Sub-Proyectos)	AMOUNT TO BE COMMITTED UNDER PRESENT OPG (Cantidad a Obligarse bajo OPG actual)	AMOUNT COMMITTED UNDER PROGRAM 598-0131* (Cantidad obligada bajo el Programa 598-0131*)	TOTALS (Totales)
Neighborhood Improvement Community Services Servicios Comunitarios de Mejoramiento de Vecindad	L400,000	L30,000	L430,000
Self-Help Housing Cooperatives Vivienda Cooperativa de Auto Ayuda	L1,000,000	L523,973	L1,523,973
Home Improvement and "Build on your own lot" Construction Mejoramiento de Vivienda y "Construya en su propio lote"	L3,400,000	332,027	L3,732,027
Building Materials Production Centers Centros Productores de Material para Construccion	L600,000	L60,000	660,000
Institutional Support Apoyo Institucional (Grants to Different Org. PVO's etc) (Donacion a Diferentes Org. OVP etc)	L400,000	L54,000	L454,000
Training, Workshops and Publications Capacitacion, Talleres y Publicaciones	L200,000	0	L200,000
Total Program Activities Total de Actividades de Programa	L6,000,000	L1,000,000	L7,000,000

* $500,000 committed under the 598-0131 Grant will be used in the present OPG for TA and L1,000,000 of this OPG will be used to meet these commitments. ($500,000 comprometidos bajo la Donación 598-0131 será usado en el actual OPG serán usado para cumplir con estos compromisos)

Financial Plan
Plan Financiero

September 1, 1987 to September 7, 1989
Del 1 de setiembre de 1987 al 7 de setiembre de 1989.

A. SUB PROJECTS (Cantidad a obligarse (Sub-Proyectos)	Sept.1, 1987/ Sept.7, 1988	Sept. 8, 1988 Sept. 7, 1989	TOTALS (Totales)
Neighborhood Improvement Community Services Servicios Comunitarios de Mejoramiento de Vecindad	L200,000	L230,000	L430,000
Self-Help Housing Cooperatives Vivienda Cooperativa de Auto Ayuda	L1,400,000	L123,973	L1,523,973
Home Improvement and "Build on your own lot" Construction Mejoramiento de Vivienda y "Construya en su propio lote"	L1,200,000	L2,532,027	L3,732,027
Building Materials Production Centers Centros Productores de Material para Construccion	L380,000	L280,000	660,000
Institutional Support Apoyo Institucional (Grants to Different Org. PVO's etc) (Donacion a Diferentes Org. OVP etc)	L220,000	L234,000	L454,000
Training, Workshops and Publications Capacitacion, Talleres y Publicaciones	L100,000	L100,000	L200,000
Total Program Activities Total de Actividades de Programa	L3,500,000	L3,500,000	L 7,000,000

STANDARD PROVISIONS
LOCAL CURRENCY AGREEMENTS

1. ALLOWABLE COSTS

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 reasonable, allocable, and allowable in accordance with the terms of this grant.

(a) Reasonable Costs. Shall mean those costs that do not exceed those which would be incurred by an ordinarily prudent person in the conduct of normal business.

(b) Allocable Costs. Shall mean those costs which are necessary to this grant.

(c) Allowable Costs. Shall mean those costs which must conform to any limitations set forth in this grant.

(d) Unallowable costs, direct or indirect, include but are not limited to costs not specifically outlined in the grant. Prior to incurring a questionable or unique cost, the grantee should obtain the grant officer's written determination as to whether the cost will be allowable.

2. ACCOUNTING, AUDIT, AND RECORDS

(a) The grantee shall maintain books, records, documents, and other evidence in accordance with generally accepted accounting procedures to sufficiently substantiate charges to the grant. The grantee's financial management system shall provide for the following:

1. Accurate, current, and complete disclosure for each Grant-funded project or program in accordance with the reporting requirements of this grant.

2. Records that identify adequately the source and application of funds for Grant-funded activities. These records shall contain information pertaining to authorizations, obligations, unobligated balances, assets, outlays, and income.

3. Effective control over and accountability for all funds, property, and other assets. The Grantee shall adequately safeguard all such assets and shall ensure that they are used solely for authorized purposes.

4. Comparison of actual outlays with budget amounts for each grant. Financial information should be related to performance and unit-cost data whenever appropriate.

5. Accounting records that are supported by documentation that at a minimun will identify, segregate, accumulate, and record all costs incurred under a grant and which fully disclose (1) the amount and disposition by the grantee of the proceeds of such assistance, (2) the total cost of the project or undertaking in connection with which such assistance is given or used, (3) the amount of that portion of the cost of the project or undertaking supplied by other sources, and (4) such other records as will facilitate an effective audit.

(b) The grantee shall preserve and make available such records for examination and audit by the Government of Honduras, A.I.D., or the Controller General of the United States, or their authorized representatives (1) until the expiration of three years from the date of termination of the grant, and (2) for such longer period, if any, as is required to complete an audit to resolve all questions concerning expenditures, unless written approval has been obtained from the grant officer to dispose of the records. Generally accepted accounting principles and auditing standards shall be followed in determining that there has been proper accounting and use of grant funds. The grantee agrees to make available any further information requested by the auditing entity with respect to any questions arising as a result of the audit.

(c) The grantee shall require sub-grantee to adopt the standards in paragraph (b) above.

(d) Up to three (3) percent of the funds provided under this agreement may be set aside for financing grant-related audits to be carried out by independent public accounting firms.

3. REFUNDS

(a) If use of the Grant funds results in accrual of interest to the grantee or to any other person to whom the grantee makes Grant funds available, such interest earnings must be maintained in the project account and be used in accordance with the specific purpose of this Agreement.

(b) Funds made available through the Grant but not disbursed to the grantee at the time the grant expires or is terminated shall revert to the Private Sector PVO account under the Economic Recovery Program, except for such 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 the PVO account.

(c) If, at any time during the life of the grant, or as a result of final audit, it is determined that funds provided under this grant have been expended for purposes not in accordance with the terms of this grant, the grantee shall refund such amount to the PVO account.

4. REVISION OF GRANT BUDGET

(a) The approved grant budget is the financial expression of the grantee's program as approved during the grant award process.

(b) The grantee shall immediately request approval from the grant officer when there is reason to believe that within the next 30 calendar days a revision of the approved grant budget will be necessary.

(c) Except as required by other provisions of this grant specifically stated to be an exception from this provision, neither the Government of Honduras nor A.I.D. shall be obligated to reimburse the grantee for costs incurred in excess of the total amount obligated under the Grant. The grantee shall not be obligated to continue performance under the grant (including actions under the "Termination" provision) or otherwise to incur costs in excess of the amount obligated under the grant, unless and until the grant officer has notified the grantee in writing that such obligated amount has been increased and has specified the new grant total amount.

5. TERMINATION

(a) For Cause. This grant may be terminated for cause at any time, in whole or in part, by the grant officer upon written notice to the grantee, whenever it is determined that the grantee has failed to comply with the conditions of the grant.

(b) For Convenience. This grant may be determinated for convenience at any time by either party, in whole or in part, if both parties agree that the continuation of the grant would not produce beneficial results commensurate with the further expenditure of funds. Both parties shall agree upon termination conditions, including the effective date and, in the case of partial terminations, the portion to be terminated. The agreement to terminate shall be set forth in a letter from the grant officer to the grantee.

(c) Termination Procedures. Upon receipt of and in accordance with a termination notice as specified in either paragraph (a) or (b) above, the grantee shall 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. The grantee shall within 30 calendar days after the effective date of such termination repay to the Private Sector PVO account all unexpended Grant funds which are not otherwise obligated by a legally binding transaction applicable to this grant. Should the funds paid by A.I.D. and the Government of Honduras to the grantee prior to the effective date of the termination of this grant be insufficient to cover the grantee's obligations in the legally binding transaction, the grantee may submit to A.I.D. and the Government of Honduras within 90 calendar days after the effective date of such termination a written claim covering such obligations. The grant officer shall determine the amount(s) to be paid by A.I.D. and the Government of Honduras to the grantee under such claim in accordance with the applicable cost principles.

(d) The Grantee shall include provisions substantially identical to those contained in paragraphs (a), (b) and (c) above in all subgrants, subcontracts, purchase orders, and any other subordinate agreements hereunder.

6. DISPUTES

Any dispute under this grant shall be decided by the A.I.D. grant officer. The grant officer shall furnish the grantee a written copy of the decision. The decision of the grant officer will be final.

7. NONDISCRIMINATION

No person in the United States or Honduras, consistent with the laws of the United States or Honduras, shall be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity funded by this grant on the basis of race, color, national origin, age, handicap, or sex.

8. GOVERNMENT OFFICIALS NOT TO BENEFIT

No member of the Governments of the United States or the Republic of Honduras 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.

9. NONLIABILITY

Neither A.I.D. nor the Government of Honduras assume liability for any third party claims for damages arising out of this grant.

10. AMENDMENT

The grant may be amended by formal modifications to the basic grant document or by means of an exchange of letters between the grant officer and an appropriate official of the grantee.

11. NOTICES

Any notice given by A.I.D. or the grantee shall be sufficient only if in writing and delivered in person, mailed, or cabled as follows:

To the A.I.D. grant officer, at the address specified in the grant.

To the grantee, at the grantee's address shown in the grant, or to such other address designated within the grant.

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

12. PAYMENT - PERIODIC ADVANCE

(a) A.I.D. will advance funds to the Grantee, through the Central Bank of Honduras, in accordance with procedures outlined in Project Implementation Letter No. 2, dated January 19, 1983, under the Economic Recovery Program, No. 522-0230.

(b) Grant funds shall not be commingled with other grantee-owned or -controlled funds. The grantee shall deposit all cash advances in a separate bank account and shall make all disbursements for goods and services from the account.

(c) Each quarter, after the initial cash advance, the grantee shall submit to the Ministry of Finance and Public Credit, the Central Bank of Honduras, and A.I.D. an original and one copy of a report in the following format:

CASH ADVANCE STATUS REPORT

A. Period covered by this report:
FROM (Month, day, year): _____
TO (Month, day, year): _____
Period covered by the next report:
FROM (Month, day, year): _____
TO (Month, day, year): _____

B. Cash Advance Use and Needs:

1. Cash advance on hand at the beginning of this reporting period..... $ _____

2. Central Bank advance(s) received during this reporting period..... $ _____

3. Interest earned on cash advance during this reporting period..... $ _____

4. Total cash available during this reporting period (Lines 1, 2, & 3)..... $ _____

5. Total disbursements during this reporting period, including sub-advances (see footnote 1)..... $ _____

6. Amount of cash available at the end of this reporting period (Line 4 minus Line 5)..... $ _____

7. Project disbursements, including sub-advances, for the next reporting period (see footnote 2)..... $ _____

8. Additional cash advance requested for the next reporting period (Line 7 minus Line 6)..... $ _____

9. Total cash advances to sub-grantee, if any, as of the end of this reporting period..... $ _____

FOOTNOTES:

1. The Grantee shall submit a cumulative detailed report of disbursements by budget line item quarterly.

2. The Grantee shall attach a summary, by budget line item, of its projected disbursements for the next reporting period.

C. Certification

The undersigned hereby certifies: (1) that the amount in paragraph B.7 above represents the best estimates of funds needed for the disbursements to be incurred over the period described, (2) that appropriate refund or credit to the Grant will be made in the event of disallowance in accordance with the terms of the Grant, and (3) that appropriate refund or credit to the Grant will be made in the event funds are not expended.

BY _____

DATE _____ TITLE _____

13. PROCUREMENT OF GOODS AND SERVICES

The grantee may use its own procurement policies and practices for the procurement of goods and services under this grant, provided they conform to sound business practices and to all the requirements of A.I.D. and the Government of Honduras listed below:

(a) General Requirements:

1. The recipient shall maintain a code or standards of conduct that shall govern the performance of its officers, employees or agents engaged in the awarding and administration of contracts using Grant funds. No employee, officer or agent shall participate in the selection, award or administration of a contract in which Grant funds are used, where, to his knowledge, he or his immediate family, partners, or organization in which he or his immediate family or partners has a financial interest or with whom he is negotiating or has any arrangement concerning prospective employment. The recipients' officers, employees or agents shall neither solicit nor accept gratuities, favors or anything of monetary value from contractors or potential contractors. Such standards shall provide for disciplinary actions to be applied for violations of such standards by the recipients' officers, employees or agents.

2. All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. The recipient should be alert to organizational conflicts of interest or noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, invitations for bids and/or requests for proposals should be excluded from competing for such procurements. Awards shall be made to the bidder/offeror whose bid/offer is responsive/responsible to the solicitation and is most

advantageous to the recipient, price and other factors considered. Solicitations shall clearly set forth all requirements that the bidder/offeror must fulfill in order to be evaluated by the recipient. Any and all bids/offers may be rejected when it is in the recipient's interest to do so.

3. All grantees shall establish procurement procedures that provide for, at a minimum, the following procedural requirements:

(i) Proposed procurement actions shall follow a procedure to assure the avoidance of purchasing unnecessary or duplicative items. Where appropriate, an analysis shall be made of lease and purchase alternatives to determine which would be the most economical practical procurement. Such an analysis shall not be required for motor vehicles.

(ii) Solicitations for goods and services shall be based upon a clear and accurate description of the technical requirements for the material, product or service to be procured. Such a description shall not, in competitive procurements, contain features which unduly restrict competition. "Brand-name or equal" descriptions may be used as a means to define the performance of other salient requirements of a procurement and when so used the specific features of the named brand which must be met by bidders/offerors shall be clearly specified.

(iii) Contracts shall be made only with responsible contractors who possess the potential to perform successfully under the terms and conditions of a proposed procurement. Consideration shall be given to such matters as contractor integrity, record of past performance, financial and technical resources or accessibility to other necessary resources.

(iv) Some form of price or cost analysis should be made in connection with every procurement action. Price analysis may be accomplished in various ways, including the comparison of price quotations submitted, market prices and similar indicia, together with discounts. Cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability and allowability.

14. INELIGIBLE AND RESTRICTED GOODS AND SERVICES

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

(a) Military equipment,

(b) Surveillance equipment,

(c) Commodities and services for support of police or other law enforcement activities,

(d) Abortion equipment and services,

(e) Luxury goods and gambling equipment, or

(f) Weather modification equipment.

b. When purchasing equipment and supplies not produced in Honduras, every effort shall be made to purchase equipment and supplies available locally which have been produced in the United States of America.

15. PUBLICATIONS

(This provision is applicable when publications are financed under the grant).

(a) If it is the Grantee's intention to finance publications with Grant funds, the Grantee must obtain the prior written approval of A.I.D. with regard to such financing. Liewise, if it is the Grantee's intention to identify A.I.D.'s contribution to any publication resulting from this Grant, the Grantee shall consult with A.I.D. on the nature of the acknowledgment prior to publication.

(b) The grantee shall provide the A.I.D. project officer with one copy of all published works developed under this grant and with lists of other written work produced under the grant.

(c) In the event grant funds are used to underwrite the cost of publishing, in lieu of the publisher assuming this cost as is the normal practice, any profits or royalties up to the amount of such cost shall be credited to the grant.

(d) Except as otherwise provided in the terms and conditions of the grant, the author or the recipient is free to copyright any books, publications, or other copyrightable materials developed in the course of or under this grant, but A.I.D. reserves a royalty-free, nonexclusive and irrevocable right to reproduce, publish, or otherwise use, and to authorize others to use the work for Government purposes.

16. VOLUNTARY POPULATION PLANNING

(This provision is applicable to all grants involving any aspect of voluntary population planning activities).

A. Vountary Participation

The grantee agrees to take any steps necessary to ensure that funds made available under this grant will not be used to coerce any individual to practice methods of family planning inconsistent with such individual's moral, philosophical, or religious beliefs. Further, the grantee agrees to conduct its activities in a manner which safeguards the rights, health and welfare of all individuals who take part in the program.

B. Prohibition on Abortion-Related Activities

(1) No funds made available under this grant will be used to finance or support, or be attributed to, the following activities: (a) procurement or

distribution of equipment intended to be used for the purpose of inducing abortions as a method of family planning; (b) special fees or incentives to women to coerce or motivate them to have abortions; (c) payments to persons to perform abortions or to solicit persons to undergo abortions; (d) information, education, training, or communication programs that seek to promote abortion as a method of family planning; and (e) lobbying for abortion.

(2) No funds made available under this grant will be used to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilizations as a means of family planning. Epidemiologic or descriptive research to assess the incidence, extent or consequences of abortion is not precluded.

C. Voluntary Participation Requirements for Sterilization Programs

(1) None of the funds made available under this grant shall be used to pay for the performance of involuntary sterilization as a method of family planning or to coerce or provide financial incentive to any person to practice sterilization.

(2) The grantee shall ensure that any surgical sterilization procedures supported in whole or in part by funds from this grant are performed only after the individual has voluntarily gone to the treatment facility and has given informed consent to the sterilization procedure. Informed consent means the voluntary, knowing assent from the individual after being advised of the surgical procedures to be followed, the attendant discomforts and risks, the benefits to be expected, the availability of alternative methods of family planning, the purpose of the operation and its irreversibility, and the option to withdraw consent anytime prior to the operation. An individual's consent is considered voluntary if it is based upon the exercise of free choice and is not obtained by any special inducement or any element of force, fraud, deceit, duress, or other forms of coercion or misrepresentation.

(3) Further, the grantee shall document the patient's informed consent by (a) a written consent document in a language the patient understands and speaks, which explains the basic elements of informed consent, as set out above, and which is signed by the individual and by the attending physician or by the authorized assistant of the attending physician; or (b) when a patient is unable to read adequately a written certification by the attending physician or by the authorized assistant of the attending physician that the basic elements of informed consent above were orally presented to the patient, and that the patient thereafter consented to the performance of the operation. The receipt of the oral explanation shall be acknowledged by the patient's mark on the certification and by the signature or mark of a witness who shall be of the same sex and speak the same language as the patient.

(4) Copies of informed consent forms and certification documents for each voluntary sterilization procedure must be retained by the grantee for a period of three years after performance of the sterilization procedure.

D. The grantee shall insert this provision in all subsequent sub-grants and contracts involving family planning or population activities which will be supported in whole or part from funds under this grant.

17. PROTECTION OF THE INDIVIDUAL AS A RESEARCH SUBJECT

(This provision is applicable when human subjects are involved in research financed by the grant).

(a) Safeguarding the rights and welfare of human subjects involved in Grant-funded research is the responsibility of the organization to which support is awarded. It is the policy of A.I.D. that no work shall be initiated under any grant for the support of research involving human subjects unless the research is given initial and continuing review and approval by an appropriate committee of the applicant organization. This review shall assure that (1) the rights and welfare of the individuals involved are adequately protected, (2) the methods used to obtain informed consent are adequate and appropriate, and (3) the risks and potential medical benefits of the investigation are assessed.

(b) The organization must provide written assurance to A.I.D. that it will abide by this policy for all research involving human subjects supported by A.I.D. This assurance shall consist of a written statement of compliance with the requirements regarding initial and continuing review of research involving human subjects and a description of the organization's review committee structure, its review procedures, and the facilities and personnel available to protect the health and safety of human subjects. In addition to providing the assurance, the organization must also certify to A.I.D. for each proposal involving human subjects that its committee has reviewed and approved the proposed research before any work may be initiated.

(c) Since the welfare of the subject individual is a matter of concern to A.I.D. as well as to the organization, A.I.D. advisory groups, consultants, and staff may independently review all research involving human subjects, and prohibit research which presents unacceptable hazards. This provision, however, shall not derogate in any manner from the responsibility of the organization set forth herein.

(d) All of the above provisions apply to any research involving human subjects conducted outside of the United States and, in addition, such overseas research will conform to legal and other requirements governing human research in the country where it is conducted.

(e) In addition to the procedures set forth above, studies with unmarketed drugs will be carried out in accordance with provisions applicable in the country where the study is conducted.

(f) Guidance on procedures to safeguard human subjects involved in research is found in Title 45, Part 46, of the Code of Federal Regulations. Compliance with these procedures, except as modified above, is required.

18. COST SHARING (NONMATCHING)

(This provision is applicable when A.I.D. is one of a number of donors).

(a) The funds provided by this grant represent partial support of the program/project as described in the Schedule of this grant, and may be used to support the costs of the program/project as specified in the Grant Budget included in the Schedule.

(b) The restrictions of the use of grant funds set forth in the Standard Provisions of this grant are applicable only to expenditures incurred with Economic Recovery Program funds provided under this grant. The Standard Provisions are not applicable to expenditures incurred with funds provided from other sources. The grantee will account for Grant funds in accordance with the Standard Provision of this grant entitled "Accounting, Audit and Records."

(c) Notwithstanding paragraph (b) of the Standard Provision of this grant entitled "Refunds", the parties agree that in the event of any disallowance of expenditures, the grantee may substitute for such disallowance expenditures made with funds provided from other sources provided they are otherwise incurred for the purpose of this grant. At the expiration or termination of this grant, amounts of disallowance of expenditures from grant funds for which a substitution with expenditures from non-Grant funds cannot be made will be refunded to the PVO account.