

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

March 31, 1985

Mr. Charles F. Dean
President
The Cooperative Housing Foundation
2501 M Street, NW, Suite 450
Washington, DC 20037

Subject: Cooperative Agreement No. LAC-0131-A-00-5046-00

Dear Mr. Dean:

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 provides to The Cooperative Housing Foundation (hereinafter referred to as "C.H.F." or "Recipient") the sum of Ten Million Dollars (\$10,000,000) to provide support for a project entitled "Cooperative Neighborhood Improvement and Job Program for Central America," as more fully described in the Attachment 1 of this cooperative agreement entitled Schedule and Attachment 2, entitled Program Description.

This cooperative agreement is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Recipient in furtherance of program objectives through the estimated completion date of December 31, 1989. Funds disbursed by AID but uncommitted by the Recipient at the expiration of this period shall be refunded to A.I.D.

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

Please acknowledge receipt and acceptance of this cooperative agreement by signing all copies of this Cover Letter, retaining one set for your files, and returning the remaining copies to the undersigned, being sure to return all copies marked "Funds Available".

Sincerely yours,

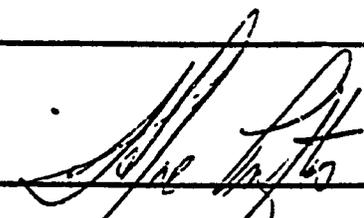


Wesley L. Hawley
Grants Officer
Regional Operations Division-LAC
Office of Contract Management

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions

ACKNOWLEDGED:

BY: 

TYPED NAME: THEODORE TRIFTIS

TITLE: VICE PRESIDENT

DATE: APR 1 1985

FISCAL DATA

PIO/T No.: 596-0131-1-5659516
Appropriation No.: 72-114-51037
Budget Plan Code: LES 485-35596-KG13
Allotment No.: 470-65-596-00-69-51
This Obligation : \$10,000,000
Total Estimated Amount: \$10,000,000
E.I. No.: 52-0846183
Technical Office: LAC/DR, Robert Jordan
Funding Source: FM/PAFD, AID/W
DUNS No.: 048855415

ATTACHMENT 1

SCHEDULE

A. Purpose of Cooperative Agreement

The purpose of this agreement is to provide support for a project entitled "Cooperative Neighborhood Improvement and Job Program for Central America," as more specifically described in Attachment 2 to this agreement entitled "Program Description."

B. Period of Agreement

1. The effective date of this agreement is March 31, 1985 and the estimated completion date is December 31, 1989.

C. Amount of Agreement and Payment

1. AID hereby obligates the amount of \$10,000,000 for the purposes of this agreement.

2. Payment shall be made to the Recipient in accordance with procedures set forth in Attachment 3 - Standard Provision No. 7A entitled "Payment - Letter of Credit (August 1984)."

D. Financial Plan:

1. The following is the Financial Plan for this Agreement, including local cost financing items, if authorized. Revisions to this Plan shall be made in accordance with Standard Provision of this Agreement, entitled "Revision of Financial Plans."

2. Without the prior written approval of the AID Grants Officer, the Recipient may not exceed the Grand Total set forth in the budget. The Recipient may adjust Part I - Program Activities as necessary but Part I subtotal shall not be exceeded. Direct line item amounts under Part II - Technical Assistance and Administrative Support may be adjusted as deemed appropriate but Part II subtotal shall not be exceeded.

Budget

<u>Category</u>	<u>Amount</u>
Part I - Program Activities:	
1. Neighborhood Improvement and Village Improvement Coops	\$1,780,000
2. Self-Help Housing Coops	890,000
3. Home Improvement Loans	1,485,000
4. Small Business Loans	320,000
5. Building Materials Production Centers	310,000
6. Institutional Support	385,000
7. Training, workshop	430,000
Subtotal	<u>\$5,600,000</u>
Part II - Technical Assistance and Administrative Support:	
8. Salaries, wages and Fringe benefits	\$1,784,448
9. Overhead	976,260
10. Consultants	323,000
11. Travel, Transportation and Allowances	647,798
12. Equipment, Vehicles and Furniture *	304,300
13. Other Direct Costs	364,194
Subtotal	<u>\$4,400,000</u>
GRAND TOTAL	\$10,000,000

* Acquisition of vehicles, computers or other non-expendable equipment requires the prior written approval of the Grants Officer.

E. Substantial Involvement Understandings

It is understood and agreed that AID will be involved in the following:

(1) CHF will mutually agree in writing with each Mission, prior to the disbursement of Funds or the commitment to disburse funds other than for technical assistance, on the nature and degree of review and involvement which each Mission will have in the approval, monitoring, and evaluation of country program activities;

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(2) Prior to implementation of the Central American (loan) fund and of the guarantee mechanism; detailed plans for the operation of the Central American fund and the guarantee fund must be approved in writing by A.I.D. The implementation plans should describe how lending rates to final borrowers (individuals or cooperatives) will be established and the arrangements for utilization of reflows to the Central America Fund at the expiration of the Cooperative Agreement;

(3) A.I.D. will periodically conduct evaluations of the program.

F. Reporting

1. Financial Reporting

a. Financial reporting requirements shall be in accordance with the Standard Provision of this agreement entitled "Payment - Letter of Credit (August 1984)", as shown in Attachment 3.

b. The original and two copies of all financial reports shall be submitted to AID, Office of Financial Management, Program Accounting and Finance Division (FM/PAFD), Washington, D.C. 20523. In addition, one copy of all financial reports shall be submitted to the Technical Office specified in the Cover Letter of this agreement.

2. Program Performance Reporting

The Recipient shall submit quarterly program performance reports, and a final report, which briefly presents the following information:

(1) A comparison of actual accomplishments with the goals established for the period, the findings of the Recipient, or both.

(2) Reasons why established goals were not met.

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

b. Five copies of each program performance report shall be submitted to the Technical Office specified in the Cover Letter of this agreement.

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3. Special Reports

The Recipient shall provide special reports as requested by the AID Grants Officer, the AID/W Technical Officer specified in the cover letter of this agreement, or any of the USAIDs in the countries of performance.

G. Overhead Rate:

Pursuant to the Standard Provision of this cooperative agreement entitled "Negotiated Overhead Rates - Nonprofit Organizations Other than Educational Institutions", a rate or rates shall be established for each of the Recipient's accounting periods which apply to this agreement. Pending establishment of revised provisional or final indirect cost rates for each of the Recipient's accounting periods which apply to this agreement, provisional payments on account of allowable indirect costs shall be made on the basis of the following negotiated provisional rate applied to the base which is set forth below.

<u>Type</u>	<u>Rate</u>	<u>Base</u>	<u>Period</u>
Overhead	93.8% (Home Office)	Direct Salaries	Effective date of agreement until amended.
Fr. Benefits	15.7% (HO & Field)	Direct Salaries	
Overhead	67.2% (U.S. Field Personnel)	" "	
Overhead	25% (Local Employees)	" "	

H: Title to Property

During the term of this Agreement, title to all vehicles and other non-expendable property shall vest in the Recipient subject to Provision 13A of the Standard Provisions attached hereto.

I. Authorized Geographic Code

The Recipient shall be guided by Standard Provision 10B attached hereto in the procurement of goods under this agreement and the authorized geographic codes indicated therein.

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J. Special Provision:

1. OMB Circular A-122

a. The terms "OMB Circular A-122" and Subpart "1-15.6 of the Federal Procurement Regulations (FPR)" are synonymous.

b. Subpart 1-15.6 reserves the sections on bid and proposal costs and independent research and development costs. AID and the Recipient hereby agree upon the following treatment of these costs, pending such time as the FPR is amended to include them:

(1) Bid and proposal (b&p) costs are the immediate costs of preparing bids, proposals, and applications for potential Federal and non-Federal grants, contracts and agreements including the development of scientific, cost, and other data needed to support the bids, proposals, and applications. (B&p) costs of the current accounting period are allowable as indirect costs. (B&p) costs of prior accounting periods are unallowable in the current period. In this regard, (b&p) costs incurred for the preparation of requests for specific projects and programs are acceptable for recovery as indirect costs. However, proposal costs incurred in the attempt to obtain unrestricted funds are to be treated as fund raising and must be included in the organization's direct cost base. (B&p) costs do not include independent research and development costs which are covered by paragraph (2) below, or preaward costs covered by Attachment B, Paragraph 33, of OMB Circular A-122. (FPR 1-15.603.2)

(2) Independent research and development (r&d) costs are for (r&d) conducted by an organization which is not sponsored by Federal or non-Federal grants, contracts or other agreements. Independent (r&d) costs must be included in the organization's direct cost base for allocation of its proportionate share of indirect costs. The costs of independent (r&d), including its proportionate share of indirect costs, are unallowable under AID agreements.

2. Defense Base Act (DBA) Insurance

Pursuant to Standard Provision entitled "Insurance Workmen's Compensation, Private Automobiles, Marine and Air Cargo (APR 1984)", the insurance carrier currently under contract with AID to provide DBA insurance is Insurance Company of North America; Wright & Co.; 1400 I Street, NW; Suite 1100; Washington, DC 20005; telephone (202) 289-0200, or (800) 424-9801 outside the Washington area (toll free).

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K. Alterations and Additions to Standard Provisions:

1. In Attachment 3, Standard Provisions, delete the words "Grant" and "Grantee" wherever they appear and substitute in lieu thereof the words "Cooperative Agreement" and "Recipient".

2. Delete the following Standard Provisions:

- a. Provision 5A : Negotiated Overhead Rates - Predetermined
- b. Provision 7B : Payment - Periodic Advances
- c. Provision 7C : Payment - Reimbursement
- d. Provision 10A : Procurement of Goods and Services Under \$250,000
- e. Provision 13B : Title to and Use of Property (U.S. Gov't Title)
- f. Provision 13C : Title to and Use of Property (Cooperating Country Title)
- g. Provision 20 : Patents

3. Add the following Standard Provisions:

- a. Provision 20 : Patent Rights
- a. Provision 35 : Insurance - Worker's Compensation, Private Automobiles, Marine and Air Cargo. Delete the words "Contract" and "Contractor" wherever they appear and substitute in lieu thereof the words "Cooperative Agreement" and "Recipient."

4. The Standard Provisions of this agreement are hereby amended to include the attached Alterations in Grant dated November 1984.

PROGRAM DESCRIPTION

A. Background:

During the next fifteen years the population of Central America is expected to expand from 25 million to 39 million inhabitants. Of these, more than 21 million will live in urban areas. As many as 11,700,000 people will lack adequate housing if present trends continue. These people will live primarily in urban squatters' settlements and in rural areas. The formal housing construction sector will not be able to provide an adequate supply of housing for lower income families. Instead, low-cost measures such as upgraded community services and self-help shelter improvements are required.

B. Purpose:

The purpose of the program is to develop permanent private sector systems in the countries of the Central American region which can mobilize and channel resources for self-help activities in community development, shelter construction and upgrading, and employment generation.

C. Implementation:

The Recipient shall perform the tasks as outlined in its proposal dated February 18, 1985, Volumes I, II, and III, entitled "Cooperative Neighborhood Improvement and Job Program for Central America" which is hereby incorporated and made a part of this Agreement by reference. In the case of inconsistency between this Program Description and the CHF proposal described above, this Program Description shall prevail.

A brief summation of the Recipient's responsibilities are as follows:

The Recipient will work through local private non-profit organizations such as housing cooperative federations, credit union federations, and PVOs (designated technical service organizations, TSOs, by CHF) in six countries in Central America (Honduras, El Salvador, Costa Rica, Panama, Guatemala, and Belize) to develop these systems. Specific program activities will be implemented by grassroots democratic organizations such as neighborhood and self-help housing cooperatives which encourage broad participation in decision-making.

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Specific elements of the program include: (1) the provision of institutional support grants and technical assistance to help local private sector organizations strengthen their absorptive capacity to implement activities; (2) the provision of capital assistance to finance specific types of activities which include: community improvement programs to upgrade services such as water systems in squatters' settlements and rural villages; self help shelter programs (home improvement loans, core housing); and the development of building materials production and distribution centers and small businesses in the materials construction sector; (3) the mobilization of local resources for low income self-help shelter; (4) the development of training programs and systems which can be used by local organizations to train community leaders; (5) the implementation of workshops and conferences on subjects relating to the elements of the program; and (6) the demonstration of less expensive methods of producing shelter and community services.

The proposed outputs of the program are as follows:

<u>Major Outputs</u>	<u>During Term of Agreement</u>
Community Improvement Projects	53
Home Improvements (loans)	2,155
Self-Help Housing (units)	756
Building Materials Production Centers and Small Enterprises	76
Strengthened Technical Service Organizations	20
Participants Trained (short-term)	40
Workshops Conducted	12

These outputs are illustrative targets. The degree to which these targets are actually attained will depend, among other factors, on the actual costs of carrying out each activity and the ability of the Recipient to obtain additional non-A.I.D. resources to carry out its proposed program at a funding level of \$19.062 million.

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CHF projects that 105,000 people will benefit from the program during the four year life of the Agreement. The activities financed under the Cooperative Agreement will be affordable to the A.I.D. target group, i.e., those below the median income. The Recipient will make a serious effort to work with the Peace Corps to obtain Peace Corps volunteers to work with the local TSOs to implement the project; the Recipient will conduct periodic evaluations of its program which, in addition to measuring tangible results of the project activities, will also attempt to measure intangible results of the project (e.g., influence on behavior/attitudes) as well as the project's longer term institutional strengthening impact).