

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

ASSISTANT
ADMINISTRATOR

Mr. Dennis Benn
Chief, Caribbean Unit
Regional Bureau for Latin America and the Caribbean
United Nations Development Program
One United Nations Plaza
New York, New York 10017

UN	RECEIVED	ACTION
SEP 01 1988		
<input type="checkbox"/> ACTION	<input type="checkbox"/> INFORMATION	
TO _____		
<input type="checkbox"/> Action Completed	<input type="checkbox"/> Acknowledged	
By Action Rec'd INITIALS _____		

Grant Agreement Number LAC-0776-G-1C-9029-00

Dear Mr. Benn:

1. I have the honor to refer to the Agreement dated August 31, 1981 between the United Nations Development Programme (UNDP) and the International Bank for Reconstruction and Development (IBRD) International Finance Corporation (IFC) concerning the Caribbean Project Development Facility (CPDF); otherwise known as UNDP Project Number RLA/81/010/A/01/42. Under the terms of that Agreement, the IFC serves as the executing agency for the activity. The IFC shall act as the executing agency for this Grant.
2. Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the United States of America, acting through the Agency for International Development (A.I.D. or Grantor) hereby grants to the UNDP (Grantee) the sum of U.S. \$500,000 to provide support, jointly with the international organizations and nations indicated in Attachment A hereto, for the Caribbean Project Development Facility.
3. This Grant is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Grantee in support of the CPDF from the date of this letter through September 30, 1992. Funds disbursed by A.I.D. but uncommitted by the Grantee at the expiration of this period shall be refunded to A.I.D.
4. The total estimated amount of the planned financing for the CPDF under this Agreement is U.S. \$1,400,000, of which U.S. \$500,000 is hereby obligated. A.I.D. may provide additional funding in the amount of U.S. \$450,000 in FY 1990 and U.S.

\$450,000 in FY 1991, subject to the availability of funds to A.I.D. for this purpose, the mutual agreement of the parties to proceed at the time of subsequent increments, and such conditions precedent and covenants as A.I.D. may prescribe, including without limitation, those conditions precedent described in Attachment A.

5. The parties agree that this Grant and the CPDF shall be administered by the UNDP in accordance with (1) its established policies and procedures and (2) this Letter Grant Agreement and all attachments hereto. It is further understood that financial records, including documentation to support entries on accounting records and to substantiate charges against the Grant, shall be maintained in accordance with the Grantee's usual accounting procedures, which shall follow generally accepted accounting practices. All such financial records shall be maintained for at least three years after final disbursement of funds under this Grant.

6. UNDP agrees to furnish to A.I.D. its financial statements on the CPDF project, any comments on the CPDF project in any Report or Opinion of the Board of Auditors of the United Nations (as and when received by the UNDP) and such other information on the status and execution of the project as may reasonably be requested by A.I.D.

7. UNDP hereby assures A.I.D. that the Grant funds will be used only as required for the CPDF. Accordingly, A.I.D. will establish a single irrevocable Letter of Credit which UNDP can draw down from time to time, in amounts as and when actually required, to finance expenditures of the CPDF. These procedures are more fully described in Attachment B.

8. The Grantee shall prepare and submit to A.I.D. the required financial and technical reports in accordance with the schedule set forth in Attachment C.

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

This Grant is made to the Grantee on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment A (Project Description), Attachment B (Payment Provisions), Attachment C (Reporting Requirements) and Attachment D (Standard Provisions).

Please indicate your acceptance of this Grant and the terms of this Grant Agreement by signing this original and eight (8) copies in the space provided below, returning the original and six (6) copies to:

Mr. James Schill
LAC/PS, Room 3253 N.S.
Agency for International Development
Washington, D.C. 20523

You may retain two (2) copies for your files. Mr. Schill will serve as the technical officer for this grant.

Sincerely yours,

THE UNITED STATES OF AMERICA

BY: Frederick W. Schieck
Frederick W. Schieck
Acting Assistant Administrator
for Latin America and Caribbean

DATE: August 18, 1989

ACCEPTED:

UNITED NATIONS DEVELOPMENT PROGRAMME

BY: Dennis G. Benn
Dennis Benn
Chief, Caribbean Unit, UNDP

DATE: 8 September, 1989

Attachments:

- A. Fiscal Data
- B. Project Description
- C. Payment Provisions
- D. Reporting Requirements
- E. Standard Provisions

FISCAL DATA

Appropriations: 72-1191021.6
72-1191021.6

Budget Plan Codes: LDSA89-35598-KG12
LDSA89-35597-KG14

Project Numbers: 598-0779
597-0052

Obligation Numbers: 9655945
9655850

Total Estimated Amount: \$1,400,000

Total Obligated Amount: \$ 100,000 ✓
400,000 ✓

FUNDS RESERVED BY

K. C. Twanmo

POSTED

8/23/89

M/FM/PAFD

FUNDS AVAILABLE.
Gloria Craig
SEP 14 1989
0124190
Program Acctg Division
Office of Financial Management

PROJECT DESCRIPTION

A. Purpose

The purpose of this Grant is to help speed development of productive enterprises, both public and private, in the Caribbean and Central American States qualified for A.I.D. assistance. Creation and development of medium-size and smaller enterprises and strengthening of local entrepreneurial skills are viewed as key ingredients to increased economic growth in general, and to the generation of jobs and higher incomes specifically.

The CPDF will provide financial advisory and packaging services to entrepreneurs in the Caribbean and Central America, assisting them to assess the viability of investment proposals and, where such proposals are deemed worthy, package them for presentation to an appropriate financing source - most commonly a commercial rate lender.

The CPDF operates as a UNDP project, working within the larger construct of the World Bank's International Finance Corporation (IFC).

B. Period of Grant

The period of this Grant shall be from the date of this Grant Agreement until September 30, 1992. Funds obligated hereunder are available from the date of this Grant Agreement until September 30, 1992.

C. Amount of Grant and Payment

This A.I.D. project provides for a Grant to the United Nations Development Programme's Caribbean Project Development Facility (CPDF) of up to \$1,400,000 during the period FY's 1989 to 1991 at the rate of \$500,000 in FY-1989, and the estimated amounts of \$450,000 in FY-1990 and \$450,000 in FY-1991.

A.I.D. hereby obligates \$500,000 for program costs during the first year of this Grant Agreement.

Payments shall be made to the Grantee in accordance with procedures set forth in Attachment B (Payment Provisions) and Attachment D (Standard Provisions).

A.I.D. funding is subject to the availability of funds to A.I.D. for this purpose and to the mutual agreement of the parties to proceed, and the requirement of the Standard Provision of the Grant entitled "Revision of Grant Budget."

D. Grant Budget

The A.I.D. financial commitment is joined by contributions from other donor agencies as summarized below:

<u>Contributor</u>	<u>Contribution (US\$)</u>
U.S.A.	\$ 1,400,000 *
Canada	1,200,000
Fed. Rep. of Germany	1,200,000
The Netherlands	100,000
Japan	500,000
IADB	1,400,000
UNDP	<u>500,000</u>
TOTAL	\$6,300,000

The A.I.D. contribution of \$1,400,000 will be obligated per the following schedule:

	<u>1989</u>	<u>1990</u>	<u>1991</u>
LAC	\$100,000	\$ ---	\$ ---
CA/Reg	400,000	450,000	450,000

* Subject to the availability of funds to A.I.D. for this purpose and the mutual agreement of the parties to proceed at the time of such availability.

E. Reports and Evaluation

The CPDF shall report to A.I.D. quarterly with respect to its overall program operations. The first and third such reports each year being oral and the second and fourth being written. All such reports shall be accomplished via a visit to A.I.D., scheduled in such a way that all interested A.I.D. personnel can attend and ask questions and receive responses from the Grantee.

A.I.D. shall also receive all management and budget reports generated by the CPDF for the UNDP as parent agency or the IFC as executing agency.

A.I.D. shall carry out an evaluation of CPDF operations since the 1987 evaluation no later than mid-way through FY-1990, and continued funding in FYs 1990 and 1991 shall be conditioned upon satisfactory results from such evaluation. Funds for such evaluation in the amount of \$25,000 are reserved in the CPDF budget under the A.I.D. grant portion.

PAYMENT PROVISIONS: LETTER OF CREDIT ADVANCE

(a) A.I.D. shall open a Letter of Credit (hereinafter referred to as an LOC) 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 LOC'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) LOC Operational Requirements

(1) The Grantee will select a commercial bank that agrees to receive payment vouchers, SF-5805 "Request for Funds" drawn on the U.S. Treasury. 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 the LOC, the Grantee shall deliver to the A.I.D. 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 LOC 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 SF-5805. 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 Letter of Credit, SF-1193 A. No payment vouchers shall be presented to the commercial bank before the LOC is opened. The SF-1193A indicates the effective date the LOC is opened.

(4) As funds are required for immediate disbursement needs, the Grantee will submit a properly completed Request for Funds (SF-5805) to the commercial bank. 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 LOC.

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

REPORTING REQUIREMENTS

CPDF will report to A.I.D. at three month intervals beginning with the period ending on December 31, 1989; a total of four reports per year. CPDF will visit A.I.D. on the occasion of delivering each such report, and participate in whatever form of review meeting is requested by A.I.D. at such time, providing answers to questions posed prior to, during or as follow-up to such meetings. The first and third reports each year will be oral reports only. The second (dated June 30) and the fourth (dated December 30) will be written reports.

CPDF will also send to A.I.D. all other reports as to operations and budget that are prepared for the UNDP and/or the IFC at the time that they are sent to those organizations.

STANDARD PROVISIONS

STANDARD PROVISIONS FOR
GRANTS TO PUBLIC INTERNATIONAL ORGANIZATIONS

- | | |
|----------------------------------|--|
| 1. Allowable Costs | 10. Publications |
| 2. Refunds | 11. Audit and Records (Select and include only the applicable version as specified in the applicability statement of the provision.) |
| 3. Revision of Grant Budget | 12. Payment (Select and include only the applicable version as specified in the applicability statement of the provision.) |
| 4. Termination Procedures | |
| 5. Disputes | |
| 6. U.S. Officials Not to Benefit | |
| 7. Nonliability | |
| 8. Amendment | |
| 9. Notices | |

1. ALLOWABLE COSTS (JULY 1988)

(a) The grantee shall be reimbursed for costs incurred in carrying out the purposes of this grant which are reasonable, allocable, and allowable.

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

(2) Allocable shall mean those costs which are necessary to the grant.

(3) Allowable shall mean those costs which are reasonable and allocable, and which conform to any limitations set forth in this grant.

(b) Prior to incurring a questionable or unique cost, the grantee is encouraged to obtain the grant officer's written determination as to whether the cost will be allowable.

2. REFUNDS (JULY 1988)

(a) The grantee is encouraged to utilize interest bearing accounts where feasible and shall remit to A.I.D. all interest earned on funds provided by A.I.D.

(b) Funds obligated by A.I.D. but not disbursed to the grantee at the time the grant expires or is terminated shall revert to A.I.D., except for such funds encumbered by the grantee by a legally binding transaction applicable to this grant. Any funds advanced to but not expended by the grantee at the time of expiration or termination of the grant shall be refunded to A.I.D. except for such funds encumbered by the grantee by a legally binding transaction applicable to this grant.

(c) If, at any time during the life of the grant, or as a result of final audit, it is determined that A.I.D. 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 A.I.D.

3. REVISION OF GRANT BUDGET (JULY 1988)

(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 for any of the following reasons:

(1) To change the scope or the objectives of the project and/or revise the funding allocated among project objectives.

(2) Additional funding is needed.

(3) The grantee expects the amount of A.I.D. authorized funds to exceed its needs by more than \$5,000 or five percent of the A.I.D. award, whichever is greater.

(c) Except as required by other provisions of this grant specifically stated to be an exception from this provision, the Government shall not 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 Procedures" 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.

4. TERMINATION PROCEDURES (JULY 1988)

This agreement may be terminated, in whole or in part, by either party at any time upon 30 days written notice of termination. Upon receipt of and in accordance with a termination notice from the grant officer, the grantee shall take immediate action to cease all expenditures financed by this grant and to cancel all unliquidated obligations if possible. Further, upon receipt of notice of termination, the grantee shall not enter into any further obligations under this grant. Except as provided below, no further reimbursement shall be made after the effective date of termination. The grantee shall within 30 days of the effective date of termination repay to the Government all unexpended A.I.D. funds which are not otherwise obligated by a legally binding transaction applicable to this grant. Should the funds paid by the Government to the grantee prior to the effective date of termination be insufficient to cover the grantee's obligations in a legally binding transaction, the grantee may submit to the Government within 90 days after the effective date of termination a written claim for such amount. The grant officer shall determine the amount(s) to be paid by the Government to the grantee under such claim in accordance with the "Allowable Costs" provision of this grant.

5. DISPUTES (JULY 1988)

(a) 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.

(b) Decisions of the A.I.D. grant officer shall be final unless, within 30 days of receipt of the decision of the grant officer, the grantee appeals the decision to the Administrator of A.I.D. Any appeal made under this provision shall be in writing and addressed to the Administrator, Agency for International Development, Washington, D.C. 20523. A copy of the appeal shall be concurrently furnished to the grant officer.

(c) In connection with any appeal proceeding under this provision, the grantee shall be given an opportunity to be heard and to offer evidence in support of its appeal.

(d) A decision under this provision by the Administrator or an authorized representative shall be the final decision of A.I.D.

6. U.S OFFICIALS NOT TO BENEFIT (JULY 1988)

No member of or delegate to the U.S. Congress or resident U.S. Commissioner shall be admitted to any share or part of this grant or to any benefit that may arise therefrom.

7. NONLIABILITY (JULY 1988)

A.I.D. does not assume liability for any third party claims for damages arising out of this grant.

8. AMENDMENT (JULY 1988)

The grant may be amended upon mutual consent of the parties 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.

9. NOTICES (JULY 1988)

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 grantee, at 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.

10. PUBLICATIONS (JULY 1988)
(This provision is applicable when publications are financed under the grant.)

(a) 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 acknowledgement 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) 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 U.S. Government purposes.

11. AUDIT AND RECORDS (STANDARD) (JULY 1988)
(This provision is applicable when A.I.D. is not the sole contributor to the grant program.)

The grantee shall maintain books, records, documents, and other evidence in accordance with the grantee's usual accounting procedures to sufficiently substantiate charges to the grant. The Grantee confirms that this program will be subject to an independent audit in accordance with the Grantee's usual auditing procedure, and agree 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.

11. AUDIT AND RECORDS (A.I.D. SOLE CONTRIBUTOR) (JULY 1988)
(This provision is applicable when A.I.D. is the sole contributor to the grant program.)

The grantee shall maintain books, records, documents, and other evidence in accordance with the grantee's usual accounting procedures to sufficiently substantiate charges to the grant. The Grantee agrees to make available to A.I.D. or the Comptroller General of the United States all records and documents which support expenditures made under this program.

11. Audit and Records (U.N. Grants) (July 1988)
(This provision is applicable to grants to the United Nations when A.I.D. is not sole contributor. When this provision is used the "Reporting and Evaluation" clause in the grant schedule should be deleted.)

It is agreed that the grantee will furnish the U.S. government with a final report on activities carried out under this grant, including accounting for these funds in sufficient detail to enable A.I.D. to liquidate the grant. The report should be submitted to the U.S. Mission to the U.N. in New York for forwarding to the A.I.D. program office.

It is understood that financial records, including documentation to support entries on accounting records and to substantiate charges against the grant, shall be maintained in accordance with the Grantee's usual accounting procedures, which shall follow generally accepted accounting practices. All such financial records shall be maintained for at least three years after the final disbursement of funds under this grant.

The Grantee confirms that the grant account will be audited in accordance with established procedures under appropriate provisions of the financial regulations and rules of the United Nations.

Any funds disbursed by A.I.D., but not committed by the Grantee prior to the expiration date shall be refunded to A.I.D. Funds not used for the purpose of this Grant shall be refunded to A.I.D. by the Grantee.

12. PAYMENT (PERIODIC ADVANCES) (JULY 1988)
(This provision is applicable when the conditions for use of a letter of credit cannot be met and when: (i) the grantee maintains procedures that minimize the time elapsing between the transfer of funds and the disbursement thereof, and (ii) the grantee's financial management system meets generally accepted accounting standards for fund control and accountability.)

(a) Periodic advances shall be limited to the minimum amounts needed to meet current disbursement needs and shall be scheduled so that the funds are available to the grantee as close as is administratively feasible to the actual disbursements by the grantee for program costs. Cash advances made by the grantee to secondary recipient organizations or the grantee's field organizations shall conform substantially to the same standards of timing and amount as apply to cash advances by A.I.D. to the grantee.

(b) Grantees shall submit requests for advances (SF-270) at least monthly to the paying office specified in the grant letter. Requests for advances shall state the estimated disbursements to be made during the period covered by the request, less the estimated balance of cash on hand at the beginning of the period and the advance amount being requested. Within 90 days following the expiration of the grant, the grantee will submit a report (SF-269) showing total disbursements, total advances received and any cash remaining on hand, which will be refunded to A.I.D.

(c) If at any time, the A.I.D. Controller determines that the grantee has demonstrated an unwillingness or inability to: (1) establish procedures that will minimize the time elapsing between cash advances and the disbursement thereof, (2) timely report cash disbursements and balances as required by the terms of the grant, and (3) impose the same standards of timing of advances and reporting on any subrecipient or any of the grantee's overseas field organizations; the A.I.D. Controller shall advise the grant officer who may suspend or revoke the advance payment procedure.

12. PAYMENT (COST-REIMBURSEMENT) (JULY 1988)

(This provision is applicable when the grantee does not meet the standards for a letter of credit or for periodic advances)

The grantee shall submit to the paying office indicated in the grant letter an original and 3 copies of SF 1034, "Public Voucher for Purchases and Services Other Than Personal" and SF 1034A, Continuation of SF 1034, normally once a month, but in any event no less than quarterly. Each voucher shall be identified by the grant number and shall state the total costs for which reimbursement is being requested.

12. PAYMENT (LETTER OF CREDIT) (JULY 1988)

(This provision is applicable when a Letter of Credit is requested by the grantee and approved by A.I.D.'s Office of Financial Management.)

(a) Payment under this grant shall be by means of a Letter of Credit (LOC) in accordance with the terms and conditions of the LOC and any instructions issued by the A.I.D. Office of Financial Management, Program Accounting and Finance Division (M/FM/PAFD).

(b) As long as the LOC is in effect, the terms and conditions of the LOC and any instructions issued by M/FM/PAFD constitute the payment conditions of this grant superseding and taking precedence over any other clause of this grant concerning payment.

(c) If the LOC is revoked, payment may be made on a cost-reimbursement basis, in accordance with paragraph (e) of this clause.

(d) Revocation of the LOC is at the discretion of M/FM/PAFD after consultation with the grant officer. Notification to the recipient of revocation must be in writing and must specify the reasons for such action. The recipient may appeal any such revocation to the grant officer, in accordance with the Disputes clause of this grant. Pending final decision, payments under the contract will be in accordance with paragraph (e) of this clause

(e) If the LOC is revoked, the grantee shall submit to the A.I.D. Controller an original and 3 copies of SF 1034, "Public Voucher for Purchases and Services Other Than Personal" and SF 1034A, Continuation of SF 1034, normally once a month, but in any event no less than quarterly. Each voucher shall be identified by the grant number and shall state the total costs for which reimbursement is being requested.