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520-244

12 JAN 1977

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ACTION MEMORANDUM FOR THE DEPUTY ADMINISTRATOR

THRU: ES /s/ Donor M. Lion

FROM: AA/LA, Donor M. Lion (Acting)

Problem: To approve a waiver of the cost sharing requirement for an operational program grant.

Discussion: You stated that grantees and/or local collaborators in PVO projects should be expected to contribute a reasonable share of project inputs. This has since been published in AID Handbook 3, Part I, which states "It is now Agency policy that a 25% contribution to total life-of-project costs from non-AID sources will be expected for all OPGs." This same reference also notes that "under special circumstances, waivers may be requested from the Deputy Administrator." In view of the circumstances noted below, it is felt that a waiver is justified in the following case.

Agua del Pueblo, a PVO, has submitted a proposal requesting AID support of \$24,000 through an OPG for a program to be undertaken in Guatemala. The purpose of this project is to develop a complete methodology for a rural potable water supply and latrine construction program ^{and} to provide for field testing of that methodology. Also, a methodology is to be developed for the training and utilization of rural water technicians. The Mission in Guatemala supports the proposal and feels it has good potential for future utilization. Based largely on the results of this project, Agua del Pueblo hopes to later undertake a project in rural Guatemala which will have considerable support of other PVOs and will include a minimum of 50% counterpart contribution.

Agua del Pueblo is a small and relatively new PVO with an income of \$1,518.63 for calendar year 1976. Accomplishments of this organization are a result of voluntary professional labor and a self-help approach with recipient communities which has produced from 50-100% of the capital expenditures. A copy of its most recent financial statement is attached at Tab B. The Mission points out that it is highly unlikely that this organization is in a position to make a larger

STATEMENT OF REVENUES AND EXPENDITURES FOR
AGUA DEL PUEBLO (THE PEOPLE'S CONSULTANTS)
(JANUARY 1, 1976 TO DECEMBER 20, 1976)

REVENUES

CONTRIBUTIONS FROM UNITED STATES BASED INDIVIDUALS AND ORGANIZATIONS	\$1,018.63	
CONTRIBUTIONS FROM GUATEMALAN SOURCES	<u>500.00</u>	
TOTAL CONTRIBUTIONS		\$1,518.63

EXPENDITURES

OPERATING EXPENSES		<u>2,385.99</u>
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SURPLUS (DEFICIT) OF REVENUES OVER EXPENDITURES (\$ 867.36)

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12/20/76