

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT DATA SHEET	1. TRANSACTION CODE <input type="checkbox"/> A = Add <input type="checkbox"/> C = Change <input type="checkbox"/> D = Delete	Amendment Number _____ DOCUMENT CODE <div style="text-align: center; font-size: 1.2em;">3</div>
2. COUNTRY/ENTITY LAC Regional	3. PROJECT NUMBER 598-0809	
4. BUREAU/OFFICE LAC/DR/E [05]	5. PROJECT TITLE (maximum 40 characters) Mexico - U.S. Foundation for Science []	
6. PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY 09 30 95	7. ESTIMATED DATE OF OBLIGATION (Under 'B', below, enter 1, 2, 3, or 4) A. Initial FY [9] [2] B. Quarter [4] C. Final FY [9] [2]	

8. COSTS (\$000 OR EQUIVALENT \$1 =)						
A. FUNDING SOURCE	FIRST FY 92			LIFE OF PROJECT		
	B. FX	C. L/C	D. TOTAL	E. FX	F. L/C	G. TOTAL
AID Appropriated Total						
(Grant)	(2,000)	()	(2,000)	(2,000)	()	(2,000)
(Loan)	()	()	()	()	()	()
Other 1.						
U.S. 2.						
Host Country					2,000	2,000
Other Donor(s)						
TOTALS	2,000		2,000		2,000	4,000

9. SCHEDULE OF AID FUNDING (\$000)									
A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH CODE		D. OBLIGATION TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1 Grant	2 Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) ESF				0		2,000		2,000	
(2)									
(3)									
(4)									
TOTALS				0		2,000		2,000	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)	11. SECONDARY PURPOSE CODE
12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)	
A. Code	
B. Amount	

13. PROJECT PURPOSE (maximum 480 characters)
 The purpose of the project is to assist in the formation of a Mexico - U.S. Foundation for science with the objective of strengthening technological and scientific collaboration between the two countries by: (1) fostering of scientific and technological research conducted jointly by Mexican and U.S. researchers; and (2) providing training to strengthen Mexican scientific institutions.

14. SCHEDULED EVALUATIONS Interim MM YY MM YY Final MM YY 08 95	15. SOURCE/ORIGIN OF GOODS AND SERVICES <input checked="" type="checkbox"/> 000 <input type="checkbox"/> 941 <input type="checkbox"/> Local <input type="checkbox"/> Other (specify)
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16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page PP Amendment.)

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17. APPROVED BY	Signature 	18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION MM DD YY
	Title Assistant Administrator, IAC	

PROJECT AUTHORIZATION

Name of Country: LAC Regional
Name of Project: Mexico-U.S. Foundation for Science
Number of Project: 598-0809

1. Pursuant to Section 531 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Mexico-U.S. Foundation for Science Project for the Latin America and the Caribbean Region involving planned obligations of not to exceed Two Million United States Dollars (\$2 million) in grant funds over a one year period from the date of authorization, subject to the availability of funds in accordance with the A.I.D. OYB process. The funds will be used to help in financing the foreign exchange and local currency costs for the project. The planned life of the project is three years from the date of initial obligation.

2. The purpose of the project is to assist in the formation of a Mexico-U.S. Foundation for Science with the objective of strenghtening technological and scientific collaboration between the two countries by: (1) fostering of scientific and technological research conducted jointly by Mexican and U.S. researchers; and (2) providing training to strengthen Mexican scientific institutions.

3. The Agreement(s) which may be negotiated and executed by the officer to whom such authority is delegated in accordance with A.I.D. regulations and Delegations of Authority shall be subject to the following essential terms and covenants and major conditions as A.I.D. may deem appropriate.

Source and Origin of Commodities, Nationality of Services:
Commodities financed by A.I.D. under the project shall have as their source and origin the United States, except as A.I.D. may otherwise agree in writing. Except for ocean shipping, the suppliers of commodities or services shall have the United States as their place of nationality, except as A.I.D. may otherwise agree in writing. Local procurement, in accordance with the Agency's Buy America policies, is permitted.

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Ocean shipping financed by A.I.D. under the project shall, except as A.I.D. may otherwise agree in writing, be financed only on flag vessels of the United States.

James A. M...

Assistant Administrator
Bureau for Latin America and the Caribbean

August 20, 1992

Date

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Agency for International Development
Washington, D.C. 20523

August 20, 1992

TO: FA/OP/B/LA, Jay Bergman
FROM: Acting LAC/DR, James Hradsky *JH.*
SUBJECT: Justification for Non-Competitive Award to the National Academy of Sciences/National Research Council (NAS/NRC)

Handbook 13, Chapter 2, Paragraph 3, states that competition in the award of a grant is not required in cases where "one recipient is considered to have exclusive or predominant capability, based on experience, specialized facilities or technical competence." On the basis that the intended recipient meets this criterion, LAC proposes a \$2 million non-competitive cooperative agreement in support of the National Academy of Sciences' efforts to help establish a Mexico-U.S. Foundation for Science. The objective of the grant is to strengthen technological and scientific collaboration between the two countries by: (1) fostering scientific and technological research conducted jointly by Mexican and U.S. researchers; and (2) providing training to strengthen Mexican scientific institutions.

The NRC/NAS have a long and distinguished record in promotion of excellence in international scientific and technical cooperation. Since its creation in 1968, the Board of Science and Technology for International Development (BOSTID) has been the NRC unit concerned with science and technology problems related to development issues in countries of the Americas, Africa and Asia. BOSTID has become well known for its collaborative programs to strengthen human and institutional resources in developing countries, to engage in cooperative planning on policy and technical issues, to examine development priorities and evaluate program results, to prepare practical guides and extension materials on little known or under exploited resources of potential economic value, and to commission new research through grant programs.

Of particular relevance to the Mexico-U.S. Foundation for Science is BOSTID's experience in managing a research grant program funded by the A.I.D. Office of the Science Advisor. Between 1981 and 1988, 564 proposals were received from developing country researchers; 109 grants were awarded with a total research budget of nearly \$16 million. The research grants resulted in the publication of more than 300 journal articles or book chapters

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and special editions of international journals dedicated to the BOSTID/NRC research grant activities.

In addition to the research grants program, BOSTID has had numerous Latin American bilateral S&T cooperative activities. In Brazil, Colombia and Peru, BOSTID engaged in collaboration that resulted in the formation of public supported S&T policy making and grants funding organizations along the lines of the Mexican National Council of Science and Technology. Finally, NAS has been involved in the creation of the Mexico-U.S. Foundation from its beginning; NAS is represented on the Steering Committee by the deputy executive officer of the NRC.

Clearance:

LAC/DR/E:JHester (Draft)

SB
Draft: LAC/DR/PSS:SBugg:8/17/92:75246

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NATIONAL ACADEMY OF SCIENCES/NATIONAL RESEARCH COUNCIL

Office of International Affairs
Board on Science and Technology for International Development

Proposal No. 93-OIA-018

to the United States Agency for International Development
for assistance in establishing a
MEXICO - UNITED STATES FOUNDATION FOR SCIENCE

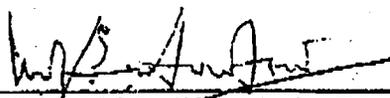
This proposal is submitted by the National Academy of Sciences,
which assumes full technical and financial responsibility under its Act
of Incorporation for the work to be carried out under any resultant
agreement.

Grant Administration:

Program Administration:



Gary E. Dwoskin, Director
Office of Contracts & Grants
National Research Council
Telephone: 202/334-2254
Fax: 202/334-2797



Michael McD. Dow, Acting Director
Board on Science & Technology
for International Development
National Research Council
Telephone: 202/334-3049
Fax: 202/334-2784



E. William Colglazier, Ex. Dir.
Office of International Affairs
National Research Council
Telephone: 202/334-2800
Fax: 202/334-3094

July 1992

MEXICO - UNITED STATES FOUNDATION FOR SCIENCE**SUMMARY**

In response to a request from the U.S. Department of State and the U.S. Agency for International Development (A.I.D.), the National Research Council (NRC) through its Board on Science and Technology for International Development (BOSTID) proposes to assist in the formation of a MEXICO - UNITED STATES FOUNDATION FOR SCIENCE with the objective of contributing to the technological and scientific strengthening of the two countries through the fostering of scientific and technological research conducted jointly by Mexican and U.S. researchers, the training of high-level human resources, and technological development in projects of interest and benefit to both countries.

This is a three-year project which will begin on or before October 1, 1992 and continue through September 30, 1995. BOSTID will work directly with the Mexico Foundation's Board of Governors and Executive Director, advising on the establishment of the Foundation's technical and management entity which shall promote and support:

1. Scientific and technological research projects proposed jointly by researchers in Mexico and in the United States;
2. Technology development, adaptation, and applications of interest to both countries;
3. Education and training of human resources for research and development;
4. Scientific and technical cooperation between the two countries and third countries; and
5. The formulation of policy studies and the fostering of policies germane to the purposes of bilateral scientific and technological cooperation.

The long-term objective of the U.S.- Mexico Foundation for Science is to promote and support the above five activities on a sustainable basis. For this reason the establishment of an endowment that is sufficiently large to support its program and administrative costs from endowment income is the desired goal. At the same time, it is recognized that the Foundation must establish itself, maintain a grants program with efficiency and credibility in order to attract operational and endowment support from public and private sources. With respect to any funds made available to the NRC under the proposed grant, it is understood that there is a legal requirement that these A.I.D. funds could be used in whole or in part for an endowment only via the mechanism of a formal debt-for-science swap for Mexican pesos. There is presently a Mexican Government decision that further debt swaps be deferred. Therefore, it is proposed that U.S. funds covered in this proposal to the A.I.D. be allocated for operational expenses (including grantmaking), and necessary NRC and Foundation secretariat expenses for the three-year period of the proposed grant.

A principal function of the NRC during the three-year period is that of responsible fiduciary

agent as required by U.S. law for grants from a U.S. government agency. It is planned that no later than September 1995, the Foundation will have created administrative, fiscal, and endowment management systems that meet recognized international standards and criteria compatible with Mexican and U.S. law. It is further assumed that, no later than September 1995, the A.I.D. will have certified that the Foundation's financial management system meets accountability norms required to allow the Agency to make direct grants to the Foundation, rather than through a third party. Finally, it is anticipated that the Foundation will have been granted 501(C)3 tax exempt status under the U.S. Internal Revenue Code.

The grant from A.I.D. to BOSTID for the U.S.-Mexico Foundation would assure its creation as an operational entity. It would be used to enable BOSTID, the Foundation's executive director and staff, and the Foundation's Board of Governors to: a) establish management systems, policies, and procedures for the purpose of grantmaking for research and education; b) establish a sound fiscal management system in conformance with applicable Mexican and U.S. laws that also encourages acceptance of funding from both public and private sources, c) establish an appropriately structured endowment fund conforming to the laws and practices of the two countries, and d) jointly determine priority research areas that the Foundation will initially support. The Foundation will emphasize research related to development priorities of Mexico as determined by its Board of Governors, the strategic development plans of the Government of Mexico (GOM), and applicable agreements for cooperative research between the GOM and the United States Government. During the second and third years, BOSTID will advise on the solicitation of research proposals, peer review, evaluation counseling of grantees, and management oversight. At or before the conclusion of the third year, it is expected that operations of the Foundation, under policy guidance of its Governing Board as provided in its charter and by-laws, will become the responsibility of the Executive Director and staff. Thus, all fiduciary responsibility for management of funds derived from this grant will, with the concurrence of A.I.D., pass to the Foundation by September 1995, or sooner if that should prove feasible.

During the initial 3-year period needed to establish the Foundation as a research support organization, a major priority for the executive director will be fundraising, both to increase the endowment and to operate the secretariat. The goal will be to raise an endowment of sufficient size to provide from interest income grantmaking and other administrative expenses of the Foundation.

This project follows the pattern, and conforms with the broad purposes, of a Cooperative Agreement between BOSTID and the Office of Research, Bureau for Research and Development, Agency for International Development (A.I.D.), that supports technical cooperation; and especially cooperation involving research in agriculture, health, nutrition, ecology, conservation of natural resources, and energy, on topics of mutual interest to the United States, Mexico and developing countries. The project would, however, be the subject of a new cooperative agreement between the A.I.D. Bureau for Latin America and the Caribbean (LAC) and BOSTID.

BACKGROUND

The idea of the Mexico-U.S. Foundation for Science emerged from the longstanding desire within the scientific communities of both countries to promote and enhance opportunities for research cooperation, and to share information that undergirds the application of science and technology for development.

Science and technology are recognized as integral elements for a strong and vigorous economy in both the United States and Mexico. Mexico is the third largest trading partner of the United States, and the U.S. is the largest partner of Mexico. During the past thirty years, this economic relationship has taken on an increasingly complex character in the face of Mexican industrial development and modernization, Mexican demographic growth and urbanization, changes in Mexican social and institutional structure, as well as the responses of the U.S. economy toward these changes.

Economic development in Mexico and the intensifying relationship between the two countries, coupled with Mexico's continuing population growth, have been accompanied by problems such as air and water pollution and deforestation which require scientific and technical attention to assist policy makers implement prudent actions. Many of the problems are not unique to Mexico and, because of the shared border between the two countries, are literally one problem for the two nations. Interdependence in many areas of public policy is recognized to be real and growing. Solutions to such problems as border-area water pollution caused by industrial runoff and the loss of migrating passerine bird habitat caused by deforestation — can only be achieved through research and policy recommendations arrived at jointly. The proposed North American Free Trade Agreement will, if implemented, not only expand and intensify the economic ties but also the need for greater coordination in science and technology.

The scientific and technical communities in both countries can bring substantial expertise to bear on these and other problems of mutual concern and growing importance. There is already a long and fruitful history of scientific cooperation between Mexico and the United States. Yet training and maintaining a community of scientists must continue and be extended if the potential benefits for an enhanced global quality of life are to be realized.

More specifically, cooperative activities between the U.S. National Academy of Sciences/National Research Council and the Mexican Academies of Sciences, Engineering, and Medicine extend back more than 20 years. In the early 1980s an effort was made by the U.S., Mexican and Canadian academies to form an active partnership for trilateral research cooperation on projects of mutual concern, but funding was never forthcoming. More recently in 1987, the U.S. and Mexican Academies of Sciences began a series of joint activities designed to strengthen the scientific and technical communities in Mexico (in part by exposing them to experts at the leading edge of their fields) and to help the Mexican Academy learn how to provide scientific advice to the Mexican government. The two academies have, for example, joined in a binational effort to study problems of the Mexico City aquifer as a water resource. Plans are also underway to review graduate teaching and research at the National Autonomous University of Mexico (UNAM) in the schools of science, medicine, chemistry and engineering. Funding for these and other similar activities has come from the Tinker, Ford, and MacArthur Foundations, from other private sources, and from the U.S. Academy's own endowment.

There is mutual agreement on the need to reduce the asymmetry between science in Mexico and the U.S., by strengthening Mexican infrastructure and resources in the course of pursuing projects at the highest level of scientific and technical importance. Thus, consensus between the interested parties in Mexico and the United States already exists on a broad front for potential cooperation. It was under these circumstances that a number of scientific research and policy institutions in Mexico and the United States joined together in 1990 to create a binational foundation between the two countries. To this end, a founding meeting for the Foundation was convened at the

Smithsonian Institution in September 1991, attended by more than one hundred representatives of Mexican and U.S. governmental, university, research, philanthropic, and for-profit organizations. (See document "Founding Meeting, United States-Mexico Foundation for Science," Appendix A.)

At the 1991 meeting, a six-member binational Steering Committee was organized to carry forward the effort to establish the foundation by identifying funding, completing the organization, incorporating the Foundation, and registering it as a non-profit tax-exempt organization. (See Appendix B for Committee membership.) At present, the Foundation has been incorporated in the U.S. as a non-profit corporation in the District of Columbia, a draft of the By-laws has been completed, and Spanish and English translations have been prepared. The membership of the Foundation's Board of Governors has been finalized, and plans are underway for the first meeting of the Board in the near future. The process of acquiring 501(C)3 tax-exempt status will take some months more after the Board is duly constituted.

One of the models for the Mexican-U.S. Foundation is the U.S.-Israel Binational Foundations, established twenty years ago with U.S. government funds. A more recent example might be the Japan-U.S. Friendship Commission. Unlike the first organization, however, the Mexico - United States Foundation would be non-governmental and would be established with funding from both the U.S. and Mexican governments, as well as monies from the private sector. Like those other organizations, the Mexico-U.S. Foundation for Science would be solidly a binational institution.

PURPOSE AND ORGANIZATION OF THE FOUNDATION

The purposes and activities of the Foundation were enumerated in a letter of intent signed by forty attendees at the founding meeting at the Smithsonian Institution in Washington, D.C., September 1991. They are as follows:

- o The Foundation is an independent, non-partisan, not-for-profit organization operated exclusively for scientific, technical, and educational purposes;
- o The Foundation will have as its main purpose the financial support of cooperative scientific and engineering research activities, and will seek to involve the public, private, academic, and scientific sectors;
- o The Foundation will award funding through a process of peer review for high academic quality and mutual benefit;
- o The Foundation will promote activities in such areas as science education, scientific and technical research, development of institutional capability, policy studies, and scientific and technical literacy;
- o With due consideration of existing asymmetries between the countries, the Foundation will promote and advance the strengthening of the scientific and engineering infrastructures and human resources of both countries, acting in good faith and good will to seek mutual benefits;
- o The Foundation will sponsor and support improvements in communications systems, such as computer networks, distribution of scientific literature, libraries, scientific exchange, and other means for the dissemination of scientific knowledge.

The Foundation has been incorporated in the District of Columbia, U.S.A., and soon will be incorporated as a non-taxable "associado" in Mexico. It is governed by a bilateral Board of Governors consisting initially of ten members, five from each country, who represent various fields of science, engineering, medicine, as well as other appropriate sectors. (For Board membership, see Appendix C.)

The Board will be assisted by a Science and Technology Advisory Committee, consisting of up to twelve distinguished scientists and engineers, six from each country, with representation from fields of physics, chemistry, mathematics, biology, agriculture, environmental sciences, health sciences, engineering, and the social sciences. In addition, other advisory committees will be established as needed to assist the Board. One such committee would be constituted to advise on financial matters, including investment, management and spending of the Foundation's funds. The Board and all advisory committees will serve without compensation, receiving only reimbursement for actual expenses, and a regular rotation of board members will be established.

The Board will employ an executive director and staff, headquartered in Mexico, to implement Foundation policies and programs. The Foundation also will establish an office in the U.S.A., primarily for the purpose of fundraising. This will not be funded from monies of A.I.D.

As an independent organization, the Foundation will address priorities of science and technology as determined by the scientific and technical communities in Mexico and the USA. Given its limited resources, only a few areas of emphasis will be supported in any given year. Areas of emphasis will be selected by the Board with the guidance of the Science and Technology Advisory Committee and other appropriate advisory committees. Research will emphasize development priorities and, to the extent possible, those research areas appropriate to A.I.D.'s priorities; namely, (1) analyses and mitigation of air, water, and terrestrial pollution, especially activities that are supportive of the proposed North America Free Trade Agreement; (2) global climate change, forest conservation, and biodiversity; and (3) population/reproductive health.

It has been the long-standing intention of the organizers to capitalize the resources of the Foundation into an endowment in order to create a corpus with sufficient and lasting resources to make a long-term difference in cooperative science endeavors between Mexico and the United States. There is no expectation, however, that the funds included in this proposal will or can be used as endowment. The Government of Mexico has indicated its intention to commit to the Foundation US \$2 million dollars, equivalent in pesos, at approximately the same time as the A.I.D. grant is made to the NRC. The NRC has been advised that the Mexican funds will be utilized as seed monies for endowment, for grants, and for the costs of fundraising. It is planned that the Foundation will work actively to raise an endowment, from both public and private sources, in order to achieve its long-term goals and assure sustainability after the period of the initial A.I.D. and GOM matching \$2 million grants.

PROPOSED PLAN OF ACTION

A. Introduction

Because the proposed A.I.D. grant both offers an early opportunity to initiate operation of the Foundation and poses issues not previously contemplated by the original binational steering committee, the NRC is submitting this proposal under the operational assumption of a phase out of its

involvement not later than the end of the third year. In the unlikely event that a Mexican contribution to the Foundation of US\$2 million is not made, the NRC and A.I.D. will decide on the disposition of this grant, recognizing that indirect NRC costs will most probably have occurred. Funds would be used to cover NRC costs, Foundation secretariat costs (except for endowment raising), and for grantmaking. This arrangement would be contingent upon the Mexican counterpart contribution of US\$2 million equivalent in Mexican Pesos, simultaneous availability with the A.I.D. grant, which would be utilized for the purposes of grantmaking, raising of an endowment fund, and an initial endowment investment. Since the initial endowment from Mexican sources would draw interest, that interest could be used to increase the endowment itself or for other expenses of the Foundation at the discretion of the Board of Governors and the Foundation's executive director.

Within the 3-year period of the proposed A.I.D. grant, BOSTID will provide technical advisory services to the Mexico-U.S. Foundation for Science for the purposes of: 1) completing the organization of the Foundation by working with its Board of Governors and the executive director, 2) assisting the Foundation to establish its fiscal policies and procedures, 3) offering advisory services on the establishment and maintenance of an endowment, and 4) working with the executive director and the Scientific Advisory Committee in establishing grantmaking criteria, procedures, evaluation, and award of grants.

The presidents of the National Academy of Sciences, the National Academy of Engineering, and the Institute of Medicine, have indicated that the Academy complex cannot accept responsibility for additional fundraising for the Foundation endowment. This is properly the task of the Foundation itself through its Board of Governors and executive director. For much the same reason, the Academy presidents have further stated that the Academy complex cannot assume fiduciary responsibility for any additional funds that the foundation may acquire prior to September 1995.

It is assumed that, within a 2-3 year period (and in no case later than September 1995), the Foundation will have completed two or more grantmaking cycles, be known widely in the scientific communities of both countries, and be able to continue its operations independently.

B. Specific Tasks

1. Organizational

- o Assist in the organization, preparation of agenda and program, and conduct of the first few regular meetings of the Board of Governors.

- o Work with the Board of Governors in appropriate ways to recruit an executive director of the Foundation.

- o Assist the Board of Governors and executive director in the initial organizational and implementation steps to establish Foundation administrative operations.

2. Fiscal Policies and Procedures

- o Engage a financial management consultant to help the executive director establish fiscal policies and procedures that will meet accountability and audit requirements of the U.S. Government and of U.S. funding agencies in general.

- o Because it will take time before an endowment is raised and begins to generate income sufficient to offset both program and management costs, the A.I.D. grant will be used to provide the majority of costs for the secretariat (except endowment raising) for the 3-year period.

- o Work with Mexican members of the Foundation organizing committee, the Foundation Board of Governors, and other appropriate individuals in ways that are appropriate to secure the promised matching grant from the Government of Mexico.

- o Work with the Foundation staff in establishing effective criteria for fiscal control of grants, management procedures, and an independent audit plan.

3. Endowment Fund

- o As explained previously in this proposal, the NRC cannot accept responsibility for endowment fund raising.

4. Endowment Advisory Services

- o Although BOSTID, on behalf of the Academy complex, will not work specifically on fund raising, staff will assist the Foundation in making application for 501(C)3 tax-exempt status under regulations of the U.S. Internal Revenue Service.

- o Provide the services of an endowment consultant to work with the Board of Governors and the executive director in planning an endowment management policy and fundraising plan focusing on both public and private sources, that is designed to preserve capital and to manage the resources responsibly under U.S. and Mexican law.

5. Grantmaking

- o Work with the Board of Governors and the executive director to identify and select a Scientific and Technical Advisory Committee.

- o Work with staff of the Foundation, its Board of Governors, and the Scientific and Technical Advisory Committee to establish grantmaking criteria, regulations for solicitation of proposals, peer review of proposals, and procedures for award of grants.

- o Assist the Foundation to conduct the first two grant competitions. Until income from the endowment is available for grantmaking purposes, both sponsors will have to share the costs of the initial grants that will be awarded beginning late in the first, or early in the second year of operations. (The NRC share will come from the A.I.D. grant.) [Thereafter, grants would be awarded annually (or perhaps more frequently, if warranted) from endowment earnings.]

- o Help to establish project evaluation and fiscal control of grants that are consistent with accepted practices.

- o Advise, where appropriate, on proposal review systems relating to biotechnology safety, use of human and animal subjects, environmental impact, and intellectual property rights.

This grant will be administered under the general management and supervision of the executive director, Office of International Affairs, National Research Council. He will designate the Director of BOSTID as the principal officer for the grant. A senior BOSTID staff officer will be appointed to serve as project officer for the 3-year period of the grant, thereby assuring oversight continuity on a day-to-day basis. At the time that the grant is received, the BOSTID Director will inform A.I.D. as to the name of the project officer.

IMPLEMENTATION PLAN

Because of uncertainties inherent in working with an entity that has been outlined in a charter, but is not at the time of this proposal to A.I.D. as yet operational, successful implementation cannot be achieved without the full participation of the Mexican partners in the Foundation. It is for this reason that the following benchmarks are illustrative of those which the NRC will recommend for consideration at the first regular meeting of the Foundation's Board of Governors, to be held as early as feasible in the fourth quarter of 1992.

A. Year I:

1. A specific date for receipt of the Mexican contribution of U.S. \$2 million (equivalent in Mexican pesos),
2. A specific date for selection and employment of the Foundation's executive director,
3. A specific date for location and operation of the Foundation's secretariat,
4. A specific date for beginning the "interim" (i.e., 3-year) plan for grantmaking,
5. A specific date for selection of the scientific advisory committee, and
6. A specific plan approved by the Board of Governors for fund raising for the endowment.

B. Year II:

1. Preparation and presentation to the Governing Board of a strategic plan of operations, especially looking toward year 4 when the initial grants from the A.I.D. and the GOM have been spent out,
2. Initiation of fund raising by the Board of Governors and the Executive Director,
3. A specific date for award of the first grants,
4. A specific date for institutionalization of a fiscal management plan that conforms with Mexican and U.S. laws and will meet accountability requirements of the A.I.D. so as to permit direct grants to the Foundation.

C. Year III (or sooner, if possible):

1. Certification that the Foundation meets requirements of the U.S. Internal Revenue Service

as a 501(C)3 tax-exempt organization, and

2. Certification by the A.I.D. that the Foundation's fiscal system meets the norms and standards of the Agency to receive direct grants and contracts from A.I.D.

JUSTIFICATION

The National Research Council and the National Academies of Sciences, and Engineering, and the Institute of Medicine - together collectively known as the Academy complex - have a long and distinguished record in promotion of excellence in international scientific and technical cooperation. Since its creation in 1968, the Board on Science and Technology for International Development (BOSTID) is the NRC unit concerned with science and technology problems related to development issues in countries of the Americas, Africa, and Asia. BOSTID has become well known for its collaborative programs to strengthen human and institutional resources in developing countries, to engage in cooperative planning on policy and technical issues, to examine development priorities and evaluate program results, to prepare practical guides and extension materials on little known or under exploited resources of potential economic value, and to commission new research through grant programs.

Of particular relevance to the Mexico - U.S. Foundation for Science is the BOSTID experience in managing of a research grants program funded by the A.I.D. Office of the Science Advisor. Between 1981 and 1988, 564 proposals were received from developing country researchers; 109 grants were awarded, with a total research budget of nearly U.S.\$ 16 million. The average grant was about \$150,000 for three to 4 years. Forty-five percent of the grants went to Latin American institutions, 37 percent to Asians, and 18 percent to Africans. The research grants resulted in the publication of more than 300 journal articles or book chapters and special refereed editions of international journals dedicated to the BOSTID/NRC research grant activities. The research grants program was worldwide. Only the Philippines submitted more proposals (65) than Mexico (37). Mexico received 8 grants and the Philippines 11.

In addition to the research grants program, BOSTID has had numerous Latin American bilateral S&T cooperative activities with Argentina, Brazil, the Central American region, Chile, Colombia and Peru with occasional projects in Costa Rica, the Dominican Republic, Costa Rica, and Venezuela. In Brazil, Colombia, and Peru, BOSTID engaged in collaboration that resulted in the formation of public supported S&T policy making and grants funding organizations along the lines of the Mexican National Council of Science and Technology. A summary of collaborative projects with Mexico was given previously in this proposal (see page 4.) And, finally, the National Academy of Sciences has been involved in the creation of the Mexico-U.S. Foundation from its beginning; NAS is represented on the Steering Committee by the deputy executive officer of the National Research Council.

ANTICIPATED RESULTS

At the conclusion of the three-year period ending September 1995, the Mexico - U.S. Foundation for Science will have completed two or more grantmaking cycles, be known widely in the scientific communities of both countries, and be able to continue its operations independently. During this same period, BOSTID anticipates four meetings of the Governing Board, two in the United States, and two in Mexico. Other visits to Mexico are planned and include ten visits by staff to

monitor the project; eight visits by a fiscal consultant; one visit by an endowment consultant; and two visits by an auditor.

Any reports resulting from this effort shall be prepared in sufficient quantity to ensure their distribution to the sponsors, to the Governing Board, and to the relevant parties in accordance with Academy policy. Reports will be made available to the public without restriction.

ESTIMATE OF COSTS

The total estimate of costs for this three-year project is \$2,000,000 and is the amount of support requested from the A.I.D. A detailed explanation of costs is attached.

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NATIONAL ACADEMY OF SCIENCES-NATIONAL RESEARCH COUNCIL
OFFICE OF INTERNATIONAL AFFAIRS
BOARD ON SCIENCE AND TECHNOLOGY FOR INTERNATIONAL DEVELOPMENT

Proposal No. 93-OIA-018

Mexico - United States Foundation for Science

Summary TOTAL Estimate of Costs
October 1, 1992 to September 30, 1995

	Rate	Amount
Direct Labor*		\$124,069
Overhead** (See Note)	69.8%	86,600
Other Direct Costs		
Travel	88,507	
Other personnel, off site	45,000	
Subcontracts	1,515,922	
Other	<u>24,756</u>	
Total, other direct costs		<u>1,647,185</u>
Subtotal:		1,884,854
General & Administrative Costs	13.3%	75,668
	3.0%	39,478
TOTAL ESTIMATED COST		<u>\$2,000,000***</u>

Footnote: These major cost categories reflect the billing structure used by the National Academy of Sciences. If your agency requests supplemental cost data, we have accommodated your proposal requirements by including the necessary information as an attachment to this estimate of costs. However, please be advised that all costs are systematically collected in our accounting system and are available for audit.

Appendix
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Detailed Budget

NATIONAL ACADEMY OF SCIENCES-NATIONAL RESEARCH COUNCIL
OFFICE OF INTERNATIONAL AFFAIRS
BOARD ON SCIENCE AND TECHNOLOGY FOR INTERNATIONAL DEVELOPMENT

Proposal No. 93-01A-018

Mexico - United States Foundation for Science

TOTAL Estimate of Costs

October 1, 1992 to September 30, 1995

DIRECT LABOR	Percent of time	Annual Salary	Total Salary	Project Totals
1. Exempt				
Sr. Program Officer	33% @	\$66,000	65,340	
Salary Adjustment				6,425
Total Exempt				\$71,765
Non-Exempt				
Admin. Secretary	33% @	\$27,000	26,730	
Salary Adjustment				1,982
Total Non-Exempt				28,712
Total Estimated Salaries*				100,477
2. Fringe Benefits @ 26%				26,124
3. TOTAL DIRECT LABOR				126,601
4. Less Staff Development Adjustment 2% of Item 3				(2,532)
5. NET DIRECT LABOR				124,069
OVERHEAD				
Overhead**(See Note) @ 69.8% of Net Direct Labor (\$124,069)				86,600

Page Two

OTHER DIRECT COSTS

1. Travel Expenses

Domestic

U.S. Committee (9 mbrs)			
2 3-day meetings	18 @	\$710	12,780
Staff (1 mbr)			
2 2-day meetings	2 @	\$640	1,280
2 5-day meetings	2 @	\$850	1,700

Total Domestic Travel			\$15,760

International

Committee (9 mbrs, 2 meetings)			
R/T Mexico-DC @ \$900/ea.		\$16,200	
5 days per dien @ \$141/ea.		12,690	

			\$28,890
Staff (1 mbr, 10 meetings)			
R/T Mexico-DC @ \$900/ea.		\$9,000	
7 days per dien @ \$141/ea.		9,870	

			18,870
Consultant (Fiscal, 6 meetings)			
R/T Mexico-DC @ \$900/ea.		\$5,400	
7 days per dien @ \$141/ea.		5,922	

			11,322
Consultant (Fiscal, 2 meetings)			
R/T Mexico-DC @ \$900/ea.		\$1,800	
14 days per dien @ \$141/ea.		3,948	

			5,748

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Consultant (Endowment, 1 meeting)		
R/T Mexico-DC @ \$900/ea.	\$900	
7 days per dien @ \$141/ea.	987	
	-----	1,887

Auditor (2 meetings)		
R/T Mexico-DC @ \$900/ea	\$1,800	
15 days period @ \$141/ea.	4,230	
	-----	6,030

Total International Travel	72,747

TOTAL ESTIMATED TRAVEL EXPENSES	88,507
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2. Other Personnel, Off-Site

Fiscal System Design	80 days @	300	\$24,000
Endowment Design	50 days @	300	\$15,000
Auditors	20 days @	300	\$6,000

Total Other Personnel, Off-Site	45,000
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3. Subcontracts

Mexico Foundation Grant	1,515,922
-------------------------	-----------

4. Other

Telephone Services	175	/no	6300.00
Postage and Delivery	145	/no	\$220.00
Reports (4/100 copies each)	4	@ 1000.00	4000.00
Copying	50	/no	1800.00
Meeting expenses	4	@ 284.00	1136.00
Technology Services	175	/no	6300.00

Total Other	24,756

SUBTOTAL	1,884,854
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GENERAL AND ADMINISTRATIVE COSTS**

G&A, 13.3% of Net Direct Labor, Overhead, and Other Direct Costs Items 1, 2, & 4 (\$368,932)	49,068
G&A, Subcontract, Item 3	
13.3% of \$200,000	26,600
3% of \$1,315,922	39,478

TOTAL ESTIMATED COST	\$2,000,000 ***

* Includes accrual for annual and sick leave, holidays and other leave such as for jury duty, military service and special personal leave, currently estimated at 17% of direct salaries and wages. This category may also include time spent in seminars, workshops, and staff meetings.

** Includes a facilities capital cost of money factor of approximately 3.2% of overhead and 0.1% of G&A.

NOTE: The NRC annually utilizes the services of over 9,000 volunteer scientists, engineers, and other professionals in its committee system. Largely drawn from universities and industry, the NRC committees represent over \$27,000,000 in services provided at no cost to sponsors during the performance of studies. Placing the value of these donated services in the overhead base would result in an effective overhead rate of less than half of the current negotiated rate.

The use of all provisional rates in this proposal has been approved by the Administrative Contracting Officer, Office of Naval Research, to assist sponsors in accurate forward pricing. The final fixed rates for FY 93 are presently in the negotiation process with ONR. Final fixed rates will be published as soon as agreement is reached.

*** It is understood that the award will provide for advance payment.

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APPENDICES

- A. Agenda for Founding Meeting, Mexico-United States Foundation for Science, September 1991
- B. Steering Committee
- C. Membership of the Board of Governors

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APPENDIX A

Revised Agenda
 Founding Meeting
 for the
United States-Mexico Foundation for Science

Monday, September 30, 1991
 The Smithsonian Institution, Washington, D.C.
 S. Dillon Ripley Center, Lecture Hall, Third Level

9:00 Welcome

Robert Adams
 The Secretary, Smithsonian Institution

Introductory Remarks

Guillermo Soberón, Coordinador General
 Consejo Consultivo de Ciencias de la
 Presidencia de la República

D. Allan Bromley, Assistant to the
 President of the United States
 Science and Technology

Arturo Gómez-Pompa, Director
 University of California Consortium on
 Mexico and the United States
 (UC MEXUS)

Opening Statement

George E. Brown, Jr.
 Chairman, Committee on Science, Space,
 and Technology
 U.S. House of Representatives

The United States-Mexico Foundation for Science
 Possibilities for Structure, Programs and Priorities

Salomón Bartnicki-García
 Professor and Chair of Plant Pathology
 University of California, Riverside

10:15 Break

Post-It™ brand fax transmittal memo 7571		# of pages > 2
To	Mr. Jeffrey Brown	from J. Devenport
Co	AID/LAC, DC. DC.	Co. BOSTID/NRC
Dept.		Phone # 202/334-2679
Fax #	202/647-8098	Fax #

10:45 **The United States-Mexico Foundation for Science
General Discussion**

12:45 **Luncheon
The Reception Suite
National Museum of American History**

3:00 **Closing Ceremony**

6:30 **Reception
Mexican Cultural Institute
2829 Sixteenth Street, N.W.**

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APPENDIX B

Steering Committee
Mexico-U.S. Foundation for Science

Salomón Bartnicki-García, Co-chair
Professor and Chair of Plant Pathology
University of California, Riverside

Gerardo Bueno, Co-chair
El Colegio de México

Hugo Aréchiga
President
Academia de la Investigación Científica
Mexico

Thomas Lovejoy
Assistant Secretary for External Affairs
Smithsonian Institution

Alfredo Phillips
Consejo Nacional de Ciencia y Tecnología
Mexico

Mitchell Wallerstein
Deputy Executive Officer
National Research Council

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APPENDIX C

UNITED STATES-MEXICO FOUNDATION FOR SCIENCE

Appointments to Board of Governors

Dr. H. Norman Abramson
Executive Vice President (Retired)
Southwest Research Institute
P. O. Drawer 28510
San Antonio, TX 78228-0515

Dr. Fausto Alzati Araiza
Director General
Consejo Nacional de Ciencia y Tecnología
(CONACYT)
Avenida Constituyentes #1046
Colonia Lomas Altas
México, D.F. 11950

Governor Bruce Babbitt
Steptoe and Johnson
3300 North Central Avenue, Suite 1650
Phoenix, AZ 85012

Dr. Ernest Eliel
Department of Chemistry
University of North Carolina
Chapel Hill, NC 27514

Dr. Ismael Herrera Revilla
Presidente
Academia Nacional de Ingeniería
Villa Olímpica
Edificio 13, Despacho 402
Tlalpan
México, D.F. 14030

Dr. Adolfo Martínez Palomo
Presidente
Academia Nacional de Medicina
Centro de Investigaciones y de
Estudios Avanzados del Politécnico
Ave. Instituto Politécnico Nacional, No. 2508
Dept. de Patología Experimental
México, D.F. 07300

Dr. Antonio Peña Díaz
Presidente
Academia de la Investigación Científica
Av. San Jeronimo 260
Jardinas del Pedregal
México, D. F. 04500

Dr. Beryl Simpson
Plant Resources Center
Department of Botany - Herbarium
University of Texas
Austin, TX 78713-7640

Dr. Guillermo Soberón Acevedo
Coordinador General
Consejo Consultivo de Ciencias
Av. Félix Cuevas No. 301, piso 4
Col. del Valle
03100 México, D. F.

Dr. James B. Wyngaarden
Foreign Secretary
National Academy of Sciences and
Institute of Medicine
2101 Constitution Avenue, FO 2050
Washington, D.C. 20418

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U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

LAC-IEE-92-49

REQUEST FOR CATEGORICAL EXCLUSION

Project Location : LAC Regional
Project Title : Mexico-U.S. Foundation
for Science
Project Number : 598-0809
Funding : \$2 Million (ESF)
Life of Project : 3 years
IEE Prepared by : Jeff Brokaw, LAC/DR/E
Recommended Threshold Decision : Categorical Exclusion
Bureau Threshold Decision : Concur with Recommendation
Comments : none

James S. Hester Date August 19, 1992

James S. Hester
Chief Environmental Officer
Bureau for Latin America
and the Caribbean

Copy to : USAID/Mexico, Rep.
Copy to : Art Danart, LAC/SAM
Copy to : Susan Bugg, LAC/DR/PSS
Copy to : IEE File

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U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

INITIAL ENVIRONMENTAL EXAMINATION

Project Location : LAC Regional
Project Title : Mexico-U.S. Foundation
for Science
Project Number : 598-0809
Funding : \$2 Million (ESF)
Life of Project : 3 years
IEE Prepared by : Jeff Brokaw, LAC/DR/E

I. Project Description:

The project's purpose is to assist in the formation of a Mexico-U.S. Foundation for Science with the objective of strengthening technological and scientific collaboration between the two countries by: (1) fostering of scientific and technological research conducted jointly by Mexican and U.S. researchers; and (2) providing training to strengthen Mexican scientific institutions.

The idea of the Mexico-U.S. Foundation for Science emerged from the longstanding desire of both countries' scientific communities to promote and enhance opportunities for research cooperation and information sharing. A founding meeting for the Foundation was convened in September 1991, and attended by more than one hundred representatives of Mexican and U.S. governmental, university, research, philanthropic, and for-profit organizations. The USG has made available \$2 million in ESF to support the Foundation's establishment. To this end A.I.D. proposes to obligate these funds through a grant to the National Academy of Sciences (NAS).

The grant to NAS would be used to support the Foundation's executive director, staff, and Board of Governors in: (1) establishing management systems, policies, and procedures for the purpose of grantmaking for research and education; (2) establishing a sound fiscal management system in conformance with applicable Mexican and US laws; and (3) establishing an endowment that conforms to the laws and practices of the two countries, and that encourages funding from both public and private sources. The Foundation will emphasize research related to development priorities of Mexico. Through the grant NAS will provide technical support for achieving the above three objectives, and financial support to cover much of the Foundation's initial

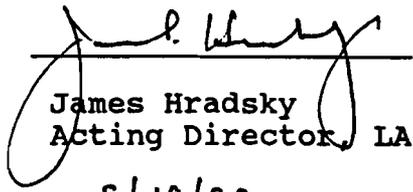
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operating and grantmaking costs. During the three years of the grant, a major priority for the executive director will be fundraising. But, as dictated by U.S. law, U.S. funds will not be used for fund raising. Counterpart Mexican funds will cover these costs. At or before the conclusion of the third year, it is expected that the Foundation will have administrative, fiscal, and endowment management systems that meet recognized international standards; and an endowment large enough to produce interest-income for grantmaking and covering the Foundation's administrative costs.

II. Recommended Environmental Threshold Decision:

A categorical exclusion is recommended. Approximately half of the funds will be used for education, technical assistance, and training activities that support the formation of the Foundation, and that cover salaries, travel, and overhead costs of the Foundation's Secretariat. The remaining funds will be made available under the guidance of NAS for the Foundation to award subgrants that support research, travel, and training activities that encourage scientific collaboration between the two countries. The technical assistance, training, and provision of funds for salaries, overhead, and travel qualify for a categorical exclusion per 22 CFR Part 216.2(c)(1)(i), "The action does not have an effect on the natural or physical environment." Subgrant activities qualify for a Categorical Exclusion per 216.2(c)(1)(ii), "A.I.D. does not have knowledge of or control over, and the objectives of A.I.D. in furnishing assistance does not require, either prior to approval of financing or prior to implementation of specific activities, knowledge of or control over, the details of the specific activities...." A.I.D. will not be involved in the review or approval of subgrants, and given that A.I.D.'s objective in furnishing the assistance is to promote the establishment of the Foundation rather than specific research, it is not necessary for A.I.D. to have prior knowledge of the specific subgrants. In addition, A.I.D. has sound reason to believe that subgrant activities will not have significant negative effects on the environment and human health. Under the agreement NAS' will work with the Foundation to establish procedures for the review, approval, and funding of proposals activities. This will include review systems relating to biotechnology safety, use of human and animal subjects, and environmental impact.

Concurrence:



James Hradsky
Acting Director, LAC/DR

8/18/92 Date

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03 - 3 -

Drafted: LAC/DR/E: JBrokaw: JB: MEXUSIEE: 8/18/92

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