

UNITED STATES AID MISSION TO LIBERIA



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January 8, 1988

Dr. Alfred A. Kulah  
Partnership for Productivity/Liberia  
c/o LAMCO, YEKEPA  
Roberts International Airport  
Liberia

Subject: Grant No.  
669-0211-G-00-8004-00

Dear Dr. Kulah:

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 grants to Partnership for Productivity/Liberia hereby referred to "PfP/L" or "Grantee" the sum of \$1,200,000 to provide a program in small enterprise development as described in the Schedule of this grant and in Attachment No. 2 entitled "Program Description".

Of the total estimated amount of the grant of \$1,200,000, \$600,000 is hereby obligated in furtherance of program objectives for the period January 1, 1988 through March 31, 1989.

A.I.D. shall not be liable for reimbursing the Grantee for the costs in excess of the obligated amount. However, subject to the availability of funds, A.I.D. may provide additional funds under this grant up to a maximum of an additional \$600,000.

This grant is made to PfP/L, on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1, entitled the Schedule, Attachment No. 2, entitled "Program Description," and Attachment No. 3 entitled "Standard Provisions," which have been agreed to by your organization.

Please sign the original and seven (7) copies of this letter to acknowledge your receipt of the grant, and return the original and six (6) copies to the USAID Grant Officer.

Sincerely,

*Mary C Kilgour*

Mary Kilgour  
Mission Director

*L Kata*

Leonard Kata  
Grant Officer

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions

ACKNOWLEDGED:

PFP/L

BY: *[Signature]*

TITLE: *B.M.*

DATE: *1-8-85*

FISCAL DATA

Appropriation : 72-1171021

Budget Plan Code: GDNA-87-216609-KG19

PIO/T No. : 669-0211-3-70052

Project No. : 669-0211

Total Estimated Amount: \$1,200,000

Total Obligated Amount: \$600,000

Funding Source: AID/W

USAID

SCHEDULE

A. Purpose of Grant

The purpose of this Grant is to provide support for small enterprise development activities under USAID Project 669-0211, PVO/NGO Support Project, as more specifically described in Attachment No. 2 to this Grant entitled "Program Description."

B. Period of Grant

1. The effective date of this Grant is January 1, 1988. The expiration date of this Grant is December 31, 1991.
2. Funds obligated hereunder are available for program expenditures for the estimated period January 1, 1988 to March 31, 1989 as shown in the Financial Plan below.

C. Amount of Grant and Payment

1. The total estimated amount of this Grant for the period shown in B.1. above is \$600,000.
2. A.I.D. hereby obligates the amount of \$600,000 for program expenditures during the period set forth in B.2. above and as shown in the Financial Plan below.
3. Payment shall be made to the Grantee in accordance with procedures set forth in Attachment 3 Standard Provision, entitled "Payment Periodic Advance," and procedures included in the Program Description, Attachment No. 2.
4. Additional funds up to the total amount of the Grant shown in C.1 above may be obligated by A.I.D. subject to the availability of funds, and to the requirements of the Standard Provision of the Grant, entitled "Revision of Financial Plans." Continuation of funding under the Grant is contingent upon continuation of the activities as described in the Program Description, Attachment No. 2.

D. Financial Plan

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

<u>Cost Element</u>	<u>Obligated Amount</u> <u>Jan. 1, 1988</u> <u>March 31, 1989</u>	<u>Additional Amount</u> <u>April 1, 1989</u> <u>Dec. 31, 1991</u>	<u>Total Amount</u> <u>Jan. 1, 1988</u> <u>Dec. 31, 1991</u>
Personnel	\$127,265	\$127,265	\$254,530
Admin. Exp	80,948	80,948	161,896
Equipment	79,287	79,287	158,574
Staff Dev.	37,500	37,500	75,000
Loan Fund	275,000	275,000	550,000
Total	\$600,000	\$600,000	\$1,200,000

\*Additional information pertaining to the Financial Plan appears in Attachment No. 2. Program Description.

E. Reporting and Evaluation

The reporting and evaluation requirements of this Grant appear in Attachment No. 2. Program Description.

F. Special Provisions

1. This Grant provides for payment of allowable incurred costs to the extent prescribed in the Financial Plan. Allowable costs are those costs actually incurred, and not profits due to currency conversion such as when invoicing for a U.S. dollar amount when actual payment was made in local currency which was acquired for a lesser value. Grantees are required to maintain records, subject to audit, which show all the costs made under the Grant.

2. Interest earned on advances of A.I.D. funds shall be remitted to A.I.D.

3. The Grantee shall institute an annual audit process in accordance with the Section of its September 16, 1987 proposal titled "Annual Audit, Financial Control and Reporting Plan."

4. Schedule

The USAID share paid under this Grant for any salary shall not be paid against any base salary in excess of \$25,000 per year.

G. Overhead Rate

All of the costs of the grantee are direct costed and all funds to be paid under this grant are for such direct costs.

H. Title to Property

Title to Property acquired under this grant shall vest with the grantee according to Optional Standard Provision, "Title to and Use of Property (Grantee Title).

I. Registration with USAID

Continuation of this Grant is contingent upon the Grantee maintaining registration status with USAID by submission of the following 90 days after the end of the Liberian fiscal year.

1. Minutes of the Board of Directors meetings during the year in review;
2. Audited financial statements; and
3. Annual narrative report.

PROGRAM DESCRIPTION

PVO: Partnership for Productivity/Liberia (PFP/L)  
 Subgrant Title: Nimba County Small Enterprise Dev Project

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I. BACKGROUND

Partnership for Productivity/Liberia (PfP/L) was established in 1974 with the assistance of PfP/International. PfP's broad mandate was to diversify the economic base and improve the standard of living in Nimba County. In 1980 USAID signed an agreement with PfP/International to implement the Nimba County Rural Technology Project (669-0163). Actual implementation was done by PfP/L with PfP/International providing technical assistance and management. The project was (a) to strengthen and expand the appropriate technical assistance and credit to all non-mining enterprises in Upper Nimba County with particular emphasis on producers in agriculture, small-scale industry, manufacturing and construction, and (b) to strengthen the integrated and appropriate approach to economic development in the rural and urban areas of the program by expanding, at all levels, the economic linkages among producers and users. As a result of a program evaluation, the initial PACD date of July 1985 was extended to June 1987. This OPG extension covering the period from July 1, 1985 through June 30, 1987, set specific targets for achievement by PfP/L in its lending, savings and business management assistance programs. The project's final evaluation in April 1987 concluded that:

"PfP/L's recent activities in Nimba County are meeting a large locally perceived need and will be increasingly called upon over time. PfP/L is making a direct and unique contribution to the development of a formalized financial infrastructure where none previously existed."

Continued support for PfP/Liberia to implement the Nimba County Small Enterprise Development Project is fully consistent with the PVO/NGO Support Project Agreement signed with Government of Liberia (GOL) on August 26, 1987.

II. PROJECT DESCRIPTION

A. Project Purpose, Funding Level and Term:

The Nimba County Small Enterprise Development Project aims to further develop and improve a rural financial infrastructure in Nimba County. The purpose of the project is two-fold: (1) to strengthen and expand PfP/L's service delivery capability; and (2) to assist PfP/L become financially viable. Life of Project funding is planned at \$1,200,000, of which the first increment is \$600,000. Although USAID funding will end at Year Four of project implementation, the end of project status is planned for five years and PfP/L financial projections are made for seven years.

B. End of Project Status:

The end of project status (five years) are:

1. A capacity to service a \$1.2 million savings program;
2. A loan delivery system capable of providing approximately \$1.7 million in new loans on an annual basis;
3. Capability to generate sufficient income from its own operations to cover all of its operating expenses without donor or GOL support by the beginning of Year Six of project implementation.

C. Project Outputs:

Project outputs are:

1. a trained professional management staff--
  - a. -- 24 professional extension agents;
  - b. -- 6 supervisors with management capability.
2. expanded PFP/L service capability in the following areas:
  - a. an expanded saveway program--
    - 52 additional saveways established, each Saveway consisting of approximately 40 persons.
  - b. an expanded credit and small business management assistance program--
    - 3040 businesses (2290 existing enterprises and 750 new/start-up enterprises) provided loans and business management assistance, broken down approximately as follows,

- 400 Small business Loans
- 1540 Farming development loans to groups and individuals
- 1100 Market women loans

D. Project Implementation:

1. PfP/L Organization: The project will be implemented by PfP/L, a USAID registered PVO. Its Governing Council is responsible for general policy setting and definition, goal and objectives formulation, evaluation, and fundraising. Program direction and overall project administration will be provided by the General Manager supported by a deputy general manager, five finance staff and three support staff. Delivery and extension of services will be provided by a field staff composed of one extension coordinator, five regional supervisors, twenty-four extension agents and ten support staff.

PfP/L Headquarters Relocation: PfP/L is considering relocating their central office from Yekepa to Ganta. There are two reasons for making this move:

- a. LAMCO, which provides office space for PfP/L, is uncertain about how much longer LAMCO will operate in Yekepa.
- b. Ganta is more central to PfP/L's activities since it is located on an all-weather road; it is a major and growing economic catchment center in Nimba County.

PfP/L is negotiating with GOL about the possibility of funding the building in Ganta, with a floor plan of approximately 1,300 square feet, for total cost of \$66,000.

2. Project Activities: Project activities are interrelated but can be categorized as follows:

- a. Saveway Program--The Saveway Program, started in July 1984, is a flexible savings arrangement with security and interest of six percent (6%). The objectives of this program are:

to develop savings habits  
to establish the principle of "savings first" for those who wish to avail of credit but are not bankable;  
to accumulate equity for capital needs;  
and  
to provide funds for provident needs.

In the rural areas, PfP/L extension agents set up a "Saveway Program" in a village at regularly scheduled days and hours. For instance, in the Leagbala Village, "Saveway" day is Thursday from two to four in the afternoon. In the urban areas, savers may make deposits Monday thru Friday from eight to four in the afternoon. Colored stamps representing various denominations (\$1-\$25) are posted on stamp cards. A minimum of ten dollars (\$10) is needed before the passbook starts earning interest. The money is deposited in a bank, earning 6% interest--4% goes to the saver and 2% goes to partially defray operating cost of this program component. PfP carries out a monthly reconciliation of saveway deposits against daily/weekly sales journal and outstanding stamps kept by the chairman and treasurer who are selected by the savers themselves.

PfP/L shall continue providing savings management to Saveway members at the village level.

- b. Credit Program--The credit component is intended to result in lending activities capable of self-sustained operations once the project is completed. In addition, the funds in the "Saveway Program" shall be guaranteed by the International Rural Economic Development (IRED) through Morgan Guaranty Trust so these funds can be "rolled-over" to the loan program.

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Amount of Credit Component: The amount of the credit component is made up of new funds from USAID, reflows from repayment of funds, rollovers from the Saveway program representing fifty percent (50%) of projected net savings per year, and income from operations added to the loan program. The yearly amounts of the credit component less loan loss provision are projected below. A more detailed loan fund analysis is attached as Annex 2.

<u>Year of Project Implementation</u>	<u>Amount</u>
Year One	\$ 507,202.4
Year Two	885,018.6
Year Three	1,229,644.9
Year Four	1,469,266.6
Year Five	1,713,528.0
Year Six	1,935,301.8
Year Seven	\$2,007,305.6

Main Objective of the Credit Component: To address the lack of credit in Nimba County. There are two banks in Nimba County, one located in LAMCO and an agricultural bank in Ganta. Both, however, do not cater to the needs of target borrowers. Informal sources of loan include the "susu" where members pool their money and loan it to members at a twenty-five percent (25%) interest per month; "money club" where members pool equal amounts of money and each member gets a turn to use the full amount; "friendship clubs" where money is saved for emergency purposes.

Credit Purpose: Priority is for productive endeavors, followed by service, and then retail businesses.

Eligible Borrowers: Small business persons (SBP), Farming Development Associations (FDA) and their individual members, and Market Women's Associations (MWA) and their individual members. PFP/L shall conduct a loan investigation to ensure that the enterprise is viable.

Range of Loan Sizes: The range of loan amounts are:

SBP - \$50-\$5,000  
FDA (group loans) - \$10,000-\$25,000  
FDA (individual loans) - \$50-\$5,000  
MWA (groups of 10) - \$3,500  
MWA (individual loans) - \$50-\$500

Interest Rates to be charged: The National Regulatory Board has set a thirteen percent (13%) interest rate per annum. Considering factors such as, business risk, loan risk, inflation factor, etc., PFP/L's decision is to use the production cycle as the basis for the 13% interest rate, computed as follows:

FDA - 13% based on 5 month production cycle,  
SBL - 13% based on 12 month production cycle,  
MWL - 13% based on 4-month production cycle.

Amortization schedule: This is necessarily based on the production cycle, with full payment payable at the end of the production cycle.

Collateral Requirements: These include limited power of attorney over salaries and other cash income, bondsmen's guarantees, and cash collateral through the Saveway.

Fees: There is a a Loan Investigation Fee equal to three percent (3%) of the loan being requested.

Guarantees: Morgan Guaranty Trust, acting through The International Rural Economic Development (IRED) shall guarantee the amount of money that is loaned out.

- c. Business Management Assistance: All loan recipients shall be required to receive business management assistance. This includes working capital control and management, cash control, inventory control, and credit management, business planning and organization, costing, pricing, increasing profits, loan management, business promotion, and fixed asset management. Because of personnel constraints, Small Business Management assistance shall be provided only to new or repeat

- d. Other activities: PFP/L has started working on a Capital Investment Fund (CIF). Under CIF, PFP/L buys up to forty-nine percent (49%) equity in a locally-owned value-added enterprise. As an investment fund, no interest is charged on money provided. CIF is a profit-sharing venture, based on cash flow equal to the percentage of equity holding. The co-partner has a "buy back" option. No USAID funds shall be used for PFP/L's CIF. In looking at additional CIF, the following procedure shall be followed:

initial business selection and review;  
careful audit of current balance sheet and income statement;  
financial projections;  
drawing up of a partnership agreement including a careful buy back plan; and  
the presentation of facts and figures to the governing council for their guidance and approval.

3. Training: Training the extension agents and the field supervisors, is essential to improving PFP/L's institutional capability. PFP/L shall prepare a training plan, identifying relevant training programs in Liberia, or possibly, a Third World Country, or developing a series of workshop sessions specific to PFP/L's training needs.

4. Beneficiaries: The project plans to assist approximately 8,118 savers and 3,040 businesses. Target beneficiaries for the credit and business management assistance include the following:

- a. Small Business Owners--small entrepreneurs from diverse tribal, socio-economic and religious backgrounds. In March 1986, PFP/L identified 925 small businesses in Nimba County that responded to a survey questionnaire. The results indicate that there are potential "clients" and that there is a need for PFP/L savings and credit services coupled with business management assistance.
- b. Farmer Development Associations (FDAs)--FDAs, organized under the German-assisted Nimba County Rural Development Program, are groups of 10-15 farmers who operate joint activities such as coco and coffee nurseries, inland fish ponds, etc. FDAs are then organized into town FDAs and town FDAs into clan FDAs. There are 36 town FDAs and 6 clan FDAs that are ready to avail of production and

- c. Market Women's Groups--PFP/L conducted a survey in February 1986 which identified market women as having specific credit needs. There are eight (8) markets located in Nimba County, each market has a Market Women's Association with membership of four to five hundred (400-500) women.

Project beneficiaries are located in Nimba County. These include the regions of Ganta, Sannequille, Yekepa, Bahn and Tappita, with a population of 523,000. Approximately seven (7) urban centers and ninety-six (96) villages (i.e., an average of four (4) villages per extension agent) will be assisted.

III. BUDGET AND FINANCIAL PLAN

A. Budget.

1. Budget summary: A budget summary is provided below. The total amount of funds to be provided by USAID shall not exceed U.S. \$1,200,000, which is to be funded incrementally. The initial obligation is \$600,000. The Grantee shall assure that counterpart contributions having a value of approximately sixty-five percent (65%) of the total project cost will be provided in cash or in kind at the time such counterpart contributions are required for performance of this Grant. Based on the total budgeted project cost specified below counterpart contributions having a value of not less than \$2,256,769 shall be provided. A detailed budget schedule is set forth in Annex 1.

	<u>USAID</u>	<u>COUNTERPART</u>
Personnel	\$ 254,530	\$1,001,727
Administrative Expenses	161,896	172,369
Audit	0	63,000
Staff Development	75,000	0
Equipment & Commodities	<u>158,574</u>	<u>194,000</u>
Total	650,000	1,431,096
Plus Loan Fund	<u>550,000</u>	<u>825,673</u>
Grand Total	<u>\$1,200,000</u>	<u>\$2,256,769</u>
Grand Total (USAID+Counterpart)		<u>\$3,456,769</u>
Percent of Total Project Costs	<u>35%</u>	<u>65%</u>

2. Budget Adjustments: Without prior written approval of USAID, the Grantee may increase or decrease by up to 15 percent the amount budgeted for each major line item in the budget set forth above except for the line items for "Personnel", provided that the total amount budgeted for the project is not changed. The Grantee shall promptly submit to USAID revised budgets incorporating any adjustments that are permitted by the foregoing sentence.

**B. Financial Plan.**

1. Saveway Program: There are sixty-six (66) existing saveways, with a current membership of 5,886 persons. PFP/L plans to incrementally increase the Saveway membership to 8,118. In year 1, the membership shall increase by 828 bringing total membership at the end of the year to 6,714. In year 2, membership shall increase by 678, bringing total membership at the end of year 2 to 7,392. In year 3, membership shall increase by 408 bringing total membership at end of year 3 to 7,800. In year 4, membership shall increase by 318 bringing total membership to 8,118.

Saveway savings and withdrawal projections for seven years are given in the table below. Also included in the table are information on total amount to be included in the loan program, known as rollover/saveway, and total amount to be held in the bank as reserves. The assumptions for the saveway projections are: (a) Forty-eight (48) dollars deposit per saver per year, (b) Forty percent (40%) withdrawal on new accounts, and (c) No reduction in membership.

**PFP/L  
SAWEWAY PROJECTIONS**

	1,987	1988	1989	1990	1991	1992	1993	1994
No. new savers		828	678	408	318	0	0	0
Total savers	5,886	6,714	7,392	7,800	8,118	8,118	8,118	8,118
New Deposits		322,272	354,816	374,400	389,664	389,664	389,664	389,664
Less Withdrawals (40%)		128,987	141,926	149,760	155,866	155,866	155,866	155,866
Net Deposits		193,363	212,890	224,640	233,798	233,798	233,798	233,798
Rollover		144,933	186,445	112,320	116,899	116,899	116,899	116,899
Bank Reserves		144,933	186,445	112,320	116,899	116,899	116,899	116,899
Balance	96,503	289,866	582,756	727,396	961,194	1,194,993	1,428,791	1,662,589
Rollover		144,933	251,378	363,698	480,597	597,496	714,395	831,294
Bank Reserves		144,933	251,378	363,698	480,597	597,496	714,395	831,294
6% interest on Reserves		8,696	15,883	21,822	28,836	35,850	42,864	49,878
4% to depositors		11,595	20,110	29,096	38,448	47,800	57,152	66,504

Assumptions: Deposits per person = \$48/year  
Withdrawal rate on new deposits = 40%  
Reduction in growth of members = 0

2. Loan Program: As reflected in the cash flow analysis in Annex 2, interest income from project operations is not sufficient to pay for PFP/L operating costs without additional subsidy during the first five years of project implementation. It is projected that USAID subsidy to the project will not continue beyond Year Four and that GOL subsidy to the project will not continue beyond Year Five. By Year Six, PFP/L should be able to cover its operating costs from income earned from its operations.

PFP/L is aware that financial viability is a crucial factor in sustaining this project and that attaining viability is dependent upon a number of interrelated financial factors, such as number of loans made, amount of savings, repayment rates, and incentives to PFP/L staff, borrowers, and savers. In addition, there are economic and political factors at work not only in Nimba County but also in Liberia that will affect the project but are outside the control of project staff.

Loans disbursed by regions from October 86 through September 87 and loan projections by type of borrowers for different years of project implementation are given below. For a more detailed analysis of the projected loan fund, expenditures and expected income from various sources, please refer to Annex 2.

3. Audits: All the conditions of certification for eligibility to receive an A.I.D. grant must be reviewed annually. PFP/L is required to supply the following information annually within 180 days after the close of the fiscal year:
- a. Annual audited financial statements, including a statement of income and expenditure.
  - b. Current operational year budget detailing sources of income, administrative expenses and program costs.

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LOANS DISBURSED BY REGIONS  
 October 86-Sept 87

	<u>Yekepa</u>	<u>Sanniquele</u>	<u>Ganta</u>	<u>Banh</u>	<u>Tappita</u>	<u>Total</u>
Small Business Loans	\$53,249	11,430	49,858	22,129	13,950	\$150,616
Market Women	4,225	700	20,044	8,50	12,024	45,543
FDA Individual	3,165	2,970	700	8,160	7,990	22,985
FDA Group	0	36,000	8,000	52,700	2,000	98,700
Charcoal	<u>2,967</u>	_____	_____	_____	_____	<u>2,967</u>
Total	<u>\$63,606</u>	<u>51,100</u>	<u>78,602</u>	<u>91,539</u>	<u>35,964</u>	<u>\$320,811</u>

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LOAN PROJECTIONS BY TYPE OF BORROWER

<u>YEAR</u>	<u>MARKET WOMEN</u>	<u>SMALL BUSINESS</u>	<u>FDA</u>	<u>TOTAL</u>
1987 (Base Year)	\$ 45,543	150,610	124,652	\$ 320,805
Year One	76,084.4	228,241.1	202,880.9	507,202.4
Year Two	132,752.8	398,258.4	354,007.4	885,018.6
Year Three	184,446.7	553,340.2	491,858.0	1,229,644.9
Year Four	220,390.0	661,170.0	587,706.6	1,469,266.6
Year Five	257,029.2	771,087.6	685,411.2	1,713,528.0
Year Six	290,295.3	870,885.8	774,120.7	1,935,301.8
Year Seven	\$ 301,095.8	903,287.5	802,922.2	2,007,305.6

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IV. Baseline, Monitoring and Evaluation

A. Baseline Report. Within three months following the effective date of the Grant, the Grantee shall submit to USAID one copy of its Baseline Report in form and substance satisfactory to USAID. The baseline report shall present a profile of the small businesses, farm development associations and market women in Nimba County in relation to the broader population. The baseline report shall focus on the following key indicators that will be used throughout the life of the project to monitor and assess effectiveness of project activities:

1. financial indicators for both the loan and savings program; and
2. economic indicators, such as, employment generated, annual production and/or sales, and total investments made.

B. Monitoring. The extension coordinator who supervises the field staff shall do a monitoring visit of each regional office every five weeks. PFP/L will continue to hold quarterly general staff meetings to discuss project implementation, comparing targets planned and targets achieved, problems encountered and proposed solutions. The location of the general staff meeting shall be rotated in each of the five regional offices.

C. Evaluation. USAID shall conduct a mid-term evaluation at the end of the second year of project implementation. The purpose of the evaluation is to determine whether the project is being implemented as planned (status of inputs and outputs) and whether project activities are likely to result in project purpose achievement. The evaluation will be done by a team composed of representatives from USAID, the lead PVO implementing the PVO/NGO Support Project, and possibly one of the contractors that undertook the April 1987 evaluation of PFP/L activities. The Ministry of Planning and Economic Affairs will be invited to send a representative on a secondment basis. Funds to defray the cost of the evaluation will be set aside from the PVO/NGO Support Project.

V. SPECIAL CONDITIONS

A. Reporting Requirements:

1. Initial Reporting Requirement:

The Grantee shall prepare an annual project Implementation Plan in form and substance satisfactory to USAID listing scheduled activities by quarter. This plan shall be submitted to USAID with the first Request for Cash Advance. The Implementation Plan shall specify project activities, list the individuals responsible, and indicate the timeframe. The Grantee shall update the Implementation Plan using PVO Form No. 1 in the form set forth in Annex 3 as part of the Quarterly Progress Report.

2. Quarterly Reporting Requirements:

(a) Quarterly Implementation Reports. The Grantee shall submit to USAID Quarterly Progress Reports using PVO Form No. 1 in the form set forth in Annex 3. These reports shall include a discussion of the status of project implementation and fully describe project activities, making a comparison between planned activities and actual activities. Quarterly implementation reports are due ten days after the end of each quarter.

(b) Quarterly Financial Reports.

(i) Request for Cash Advance. The Grantee shall request advances of funds using PVO Form No. 2 in the form set forth in Annex 3.

(ii) Expenditure/Liquidation Report. The Grantee shall prepare Expenditure/Liquidation Reports using PVO Form No. 3 in the form set forth in Annex 3, indicating in detail the expenditures of both USAID Grant funds and counterpart funds.

3. Final Reporting Requirement:

Within ninety (90) days after the Grant Completion Date, the Grantee shall submit to USAID a Project Assistance Completion Report. The report shall cover:

- A final financial report including a summary of contributions made by USAID, the Grantee, the beneficiaries and other donors (i.e., planned versus actual inputs) and disposition of assets obtained under the Grant;
- Status of various project elements (e.g., procurement, construction, training);
- A brief description of project accomplishments including an assessment of the impact the project has had and may have on project beneficiaries in light of baseline indicators at the commencement of the Grant, the original project design and modifications of project design during implementation (including a comparison of planned outputs and actual outputs);
- Description of continuing Grantee responsibilities for activities begun under the Grant including the identification of and discussion of the sustainability of benefits and project activities that need to be carried forward;
- A summary of lessons learned from the project that might be relevant to replication, in whole or in part, of project activities.

B. Financing:

1. Separate Account; No Commingling. The Grantee shall deposit all cash advances made by USAID under this Grant in a separate bank account and shall make all disbursements for goods and services for allowable costs under this Grant from this account. If interest is earned with respect to advances, the amount thereof shall promptly be paid to USAID at least quarterly. Funds provided by USAID under this Grant may not be commingled with other funds owned or controlled by the Grantee, including other funds provided to the Grantee by USAID. The Grantee shall keep and maintain financial records and accounts for funds provided under this Grant, which shall be available for inspection.
  
2. Program Income. Program income is gross income earned by the Grantee from activities supported by USAID under this Grant. Program income includes, but is not limited to, income from service fees or charges and interest earned with respect to funds loaned under a capital assistance or credit component of the project. Program income does not include any interest earned on funds deposited in the separate bank account described in V.B.1 above.

Program income shall be used by the Grantee (a) to add to funds committed to the project by USAID or the Grantee to accomplish project objectives or (b) to finance counterpart contributions to the project if approved in writing by USAID. Program income may be used by the Grantee in the foregoing ways without accountability to USAID after termination of the Grant, provided that the Grantee informs USAID of the plan of operations for use of such income prior to expenditure, and provided further, that the Grantee reports to USAID on activities financed with program income during the period of the Grant.

C. Payment Procedures:

Advances. The Grantee may request an initial advance of funds equivalent to the amount required for the first one hundred and twenty (120) days of Grant activities. Subsequent advances of funds required for Grant activities shall be for ninety-day (quarterly) periods and may be requested subject to satisfaction of the liquidation requirements below. Each quarterly request for an advance of funds should show a monthly breakdown of expected utilization of funds during the period covered. Upon approval of a quarterly request for an advance of funds, USAID will provide the amount of the advance in three monthly installments based on the monthly breakdown of expected utilization. The Grantee shall submit quarterly requests for advances of funds at least one month prior to the date funds are required. If disbursements by the Grantee are faster than projected, the Grantee may request an interim advance prior to the regularly scheduled monthly installment to ensure that funds will be available.

2. Liquidation of Advances. Within thirty (30) days following the end of each ninety-day period for which funds were advanced, the Grantee shall submit a certified Expenditure/Liquidation Report (Form No. 3) specifying all costs in accordance with the budget line items set forth in III.A. above. USAID may require the Grantee to provide copies of pertinent supporting documents, including, without limitation, receipts, invoices, travel authorizations, purchase orders, payroll data and used tickets. Liquidation of advances for each quarter may be reported independently of the submission of quarterly requests for advances. No subsequent advances will be approved by USAID unless Expenditure/Liquidation Reports for all prior advances, other than the advance for the then current period, have been received by USAID.

3. Refund of Unliquidated Advances The Grantee shall refund the amount of any advance not liquidated by the final Expenditure/Liquidation Report under the Grant within ninety (90) days after the Grant Completion Date in the form of a check payable to the "Treasurer of the United States." The foregoing right of refund shall be in addition to any other refund rights provided to USAID under this Grant Agreement.

D. Close-out Procedures

Close-out: The term "close-out" refers to the process whereby USAID (i) determines whether the provisions of this Grant Agreement have been met and the activities contemplated by the Grant Agreement have been completed satisfactorily and (ii) determines the amount, if any, of unreimbursed costs for which reimbursement is owed by USAID to the Grantee and the amount, if any, of disallowed costs for which refund is owed by the Grantee to USAID. The close-out procedures are:

- (1) Unreimbursed Costs. Upon the written request of the Grantee, USAID shall pay the Grantee the amount, if any, of any allowable, allocable and reasonable costs for which reimbursement has not previously been provided.
- (2) Refund by Grantee. Except as USAID may otherwise agree in writing, immediately following the Grant Completion Date, the Grantee shall refund to USAID the amount, if any, of funds advanced or paid to the Grantee by USAID that are not irrevocably committed to third parties for allowable, allocable and reasonable costs under the Grant. Immediately following receipt of notification from USAID, the Grantee shall refund to USAID the amount, if any, of any disallowed costs with respect to which payment or reimbursement under the Grant was made by USAID. The foregoing refund rights shall be in addition to any other refund rights provided to USAID under this Grant Agreement.
- (3) Reports. Within ninety (90) days after the Grant Completion Date, the Grantee shall submit to USAID all financial, evaluation and other reports required by this Grant Agreement.
- (4) Grant-Financed Property. The Grantee shall account for any property received by the Grantee from the U.S. Government or acquired with funds provided by USAID in form and substance satisfactory to USAID.

Partnership for Productivity/Liberia  
BUDGET SUMMARY

	YEAR ONE		YEAR ONE		YEAR TWO		YEAR TWO		YEAR THREE		YEAR THREE		YEAR FOUR		YEAR FOUR	
	USAID	COUNTERPART*	TOTAL	USAID	COUNTERPART	TOTAL	USAID	COUNTERPART	TOTAL	USAID	COUNTERPART	TOTAL	USAID	COUNTERPART	TOTAL	
Personnel	67,730.0	203,190.0	270,920.0	67,730.0	203,190.0	270,920.0	59,535.0	178,604.0	238,139.0	59,535.0	178,604.0	238,139.0				
Administrative Expenses	66,853.0	0.0	66,853.0	66,853.0	0.0	66,853.0	28,190.0	38,663.0	66,853.0	0.0	66,853.0	66,853.0				
Audit	0.0	12,888.0	12,888.0	0.0	12,888.0	12,888.0	0.0	13,888.0	13,888.0	0.0	13,888.0	13,888.0				
subtotal	134,583.0	215,198.0	349,773.0	134,583.0	215,198.0	349,773.0	87,725.0	238,267.0	317,992.0	59,535.0	258,457.0	317,992.0				
Equipment&Commodities	96,874.0	127,875.0	223,949.0	12,588.0	26,375.0	38,875.0	12,588.0	27,375.0	39,875.0	37,588.0	12,375.0	49,875.0				
Staff Dev	58,888.0	0.0	58,888.0	25,888.0	0.0	25,888.0	0.0	0.0	0.0	0.0	0.0	0.0				
subtotal	146,874.0	127,875.0	273,949.0	37,588.0	26,375.0	63,875.0	12,588.0	27,375.0	39,875.0	37,588.0	12,375.0	49,875.0				
Total	288,657.0	343,865.0	623,722.0	172,883.0	241,565.0	413,648.0	188,225.0	257,642.0	357,867.0	97,835.0	278,832.0	367,867.0				
Loan Funds	288,888.0	373,118.0	573,118.0	288,888.0	186,445.0	386,445.0	158,888.0	112,328.0	262,328.0	0.0	116,899.0	116,899.0				
	488,657.0	716,175.0	1,196,832.0	372,883.0	348,810.0	728,893.0	258,225.0	369,962.0	628,187.0	97,835.0	387,731.0	484,766.0				

## NOTES:

\*For years 1 through 5, counterpart funds include \$288,888 from GOL.

\*\*After Year One, only new funds from USAID and from Saweway are reflected per year in this budget summary.

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	YEAR FIVE USAID COUNTERPART	YEAR FIVE TOTAL	TOTAL USAID	TOTAL COUNTERPART
	0.0 238,139.0	238,139.0	254,538.0	1,001,727.0
	0.0 66,853.0	66,853.0	161,896.0	172,369.0
	0.0 13,000.0	13,000.0	0.0	63,000.0
	0.0 317,992.0	317,992.0	416,426.0	1,237,096.0
	0.0 0.0	0.0	158,574.0	194,000.0
	0.0 0.0	0.0	75,000.0	0.0
	0.0 0.0	0.0	233,574.0	194,000.0
	0.0 317,992.0	317,992.0	650,000.0	1,431,096.0
	0.0 116,899.0	116,899.0	550,000.0	825,673.0
	0.0 434,891.0	434,891.0	1,200,000.0	2,256,769.0

Partnership for Productivity/Liberalia

PERSONNEL	YEAR ONE		YEAR TWO		YEAR THREE		YEAR FOUR		YEAR FIVE		FIVE YEAR TOTAL	
	USAID	COUNTERPART	USAID	COUNTERPART	USAID	COUNTERPART	USAID	COUNTERPART	USAID	COUNTERPART	USAID	COUNTERPART
1 Gen Manager	7,396	23,383	7,396	23,383	6,316	20,447	6,216	22,447	0	27,262	29,523	116,131
1 Receptionist	530	1,693	530	1,350	429	1,228	429	1,238	0	1,717	2,119	6,073
1 Messenger	667	2,221	667	2,201	463	1,385	463	1,333	0	1,851	2,260	6,632
1 Chief Accountant	3,815	11,445	3,815	11,445	3,157	9,471	3,157	9,471	0	12,628	13,544	54,462
1 Sr Bookkeeper	1,879	5,637	1,879	5,637	1,529	4,526	1,529	4,526	0	6,837	6,777	26,367
3 Jr Bookkeepers/Swag	2,527	7,591	2,527	7,591	1,975	5,925	1,975	5,925	0	7,921	9,885	34,915
1 Computer Operator	1,357	4,071	1,357	4,071	1,260	3,239	1,260	3,239	0	4,318	4,573	18,937
1 Dept Sg	6,245	19,735	6,245	19,735	5,137	15,412	5,137	15,412	0	20,547	22,764	68,836
1 Ext Coordinator	5,219	15,657	5,219	15,657	4,283	12,848	4,283	12,848	0	17,131	19,824	74,142
1 Maint Super	1,774	5,322	1,774	5,322	1,423	4,269	1,423	4,269	0	5,691	6,354	24,672
2 Veh Maint	622	1,822	622	1,822	759	2,354	759	2,354	0	3,154	2,777	11,485
5 Region Super	10,155	30,465	10,155	30,465	8,943	26,834	8,943	26,834	0	35,791	39,125	153,428
24 Ext Agents	22,630	67,392	22,630	67,392	21,597	64,792	21,597	64,792	0	26,369	28,455	101,753
5 Watchmen	725	2,115	725	2,115	775	2,327	775	2,327	0	3,122	2,961	11,965
1 Expeditor	920	2,720	920	2,720	660	1,920	660	1,920	0	2,642	3,128	12,228
1 Messenger	531	1,593	531	1,593	495	1,485	495	1,485	0	1,960	2,252	9,736
subtotal	67,732	203,192	67,732	203,192	59,535	178,524	59,535	178,524	0	238,137	254,538	1,221,728

ADMINISTRATIVE EXPENSES

Office Rent/Utilities	4,692	0	4,692	0	4,692	0	4,692	0	4,692	14,278	9,362
Office Supplies	15,750	0	15,750	0	15,750	0	15,750	0	15,750	47,250	31,528
Building Maint	1,652	0	1,652	0	1,652	0	1,652	0	1,652	4,950	3,322
Printing/Copying	3,520	0	3,520	0	3,520	0	3,520	0	3,520	10,520	7,226
Telephone/Telegaph	2,528	0	2,528	0	2,528	0	2,528	0	2,528	7,528	5,230
Gasoline	38,663	0	38,663	0	38,663	0	38,663	0	38,663	77,326	115,989
subtotal	66,853	0	66,853	0	66,853	0	66,853	0	66,853	161,396	172,369

AUDITS

Annual audits	0	12,222	0	12,222	0	12,222	0	12,222	0	12,222	0	63,222
subtotal	0	12,222	0	12,222	0	12,222	0	12,222	0	12,222	0	63,222

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Partnership for Productivity/Liberia

EQUIPMENT/COMMODITIES

4-wheel pick-ups	0	49,500	0	14,000	0	15,000	0	0	0	0	0	70,500
Motobikes	50,000	0	0	0	0	0	30,000	0	0	0	80,000	0
Spare Parts (25%)	12,500	12,375	12,500	12,375	12,500	12,375	7,500	12,375	0	0	45,000	49,500
1 Computer	5,000	0	0	0	0	0	0	0	0	0	5,000	0
Photocopier	5,900	0	0	0	0	0	0	0	0	0	5,900	0
Calculators	2,100	0	0	0	0	0	0	0	0	0	2,100	0
Typewriters/Manual	4,000	0	0	0	0	0	0	0	0	0	4,000	0
5 Two-way Radios	16,574	0	0	0	0	0	0	0	0	0	16,574	0
Ganta Headquarters	0	66,000	0	0	0	0	0	0	0	0	0	66,000
subtotal	96,074	127,675	12,500	26,375	12,500	27,375	37,500	12,375	0	0	158,574	194,000

STAFF DEVELOPMENT

Training-5 Supervisors	50,000		25,000								75,000	0
subtotal	50,000	0	25,000	0	0	0	0	0	0	0	75,000	0

TOTAL	200,657	343,065	172,003	241,565	100,225	257,642	97,035	270,832	0	317,992	650,000	1,431,097
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Partnership for Productivity/Liberia

## CASH FLOW PROJECTIONS

Loan Fund Projections LOAN FUND	YEAR ONE		YEAR TWO		YEAR THREE		YEAR FOUR		YEAR FIVE	
	USAID COUNTERPART	TOTAL	USAID COUNTERPART	TOTAL	USAID COUNTERPART	TOTAL	USAID COUNTERPART	TOTAL	USAID COUNTERPART	TOTAL
Revolving Loan Funds	200,000.0	200,000.0	200,000.0	200,000.0	150,000.0	150,000.0	0.0	0.0	0.0	0.0
Revolving Loan Funds	220,177.0	220,177.0	507,202.4	507,202.4	895,018.6	895,018.6	1,229,644.9	1,229,644.9	1,469,266.6	1,469,266.6
Rollovers/Savings***	144,933.0	144,933.0	186,445.0	186,445.0	112,320.0	112,320.0	116,899.0	116,899.0	116,899.0	116,899.0
Income from Operations****			166,373.6	166,373.6	242,090.7	242,090.7	313,644.3	313,644.3	350,024.0	350,024.0
	200,000.0	373,110.0	573,110.0	200,000.0	800,021.0	1,000,021.0	1,239,429.3	1,389,429.3	0.0	1,936,187.0
Less Loan Loss (11.5%)	23,000.0	42,907.7	65,907.7	23,000.0	52,002.4	115,002.4	17,250.0	159,784.4	0.0	222,661.0
on which interest	177,000.0	330,202.4	507,202.4	177,000.0	700,018.6	885,018.6	1,229,644.9	1,229,644.9	0.0	1,713,526.0
principle are collected										

\*These funds represent new funds from USAID.

\*\*These funds represent rollovers from repayment of loans.

\*\*\*These funds represent 50% of projected net savings per year.

\*\*\*\*These funds represent income from operations.

Interest Rate Projections Loan Funds	YEAR ONE		YEAR TWO		YEAR THREE		YEAR FOUR		YEAR FIVE	
	Loan Funds	Interest	Loan Funds	Interest						
Market Women (39%)	76,000.4	29,671.3	132,752.0	51,773.6	184,446.7	71,934.2	220,390.0	85,952.1	257,029.2	100,241.4
Small Business Loans (16%)	220,241.1	36,516.6	396,250.4	63,721.3	553,340.2	85,534.4	661,170.0	105,787.2	771,007.6	123,374.0
FDA (16%)	202,000.9	32,461.0	354,007.4	56,641.2	491,950.0	76,697.3	567,706.6	94,033.1	665,411.2	109,665.0
Total loan funds:	500,242.4		885,018.6		1,229,644.9		1,469,266.6		1,713,526.0	
Total interest income from loans	98,558.9		172,136.1		239,165.9		285,772.4		332,281.2	
Total interest income-deposits (6%)	8,696.0		15,003.0		21,022.0		28,636.0		35,650.0	
	107,254.9		187,139.1		260,187.9		314,408.4		367,931.2	
Less Total Operating Costs	349,772.0		349,773.0		317,992.0		317,992.0		317,992.0	
Payments to Depositors	11,595.0		20,110.0		29,096.0		30,440.0		47,900.0	
	361,367.0		369,883.0		347,088.0		350,440.0		365,792.0	
Net Interest Income	(254,021.1)		(182,663.9)		(86,100.1)		(41,031.6)		3,339.2	
PLUS SUBSIDIES										
65.2% of Loan Loss	42,971.0		74,901.6		104,179.4		124,400.9		145,175.5	
USAID Contribution	134,503.0		134,503.0		87,725.0		59,535.0		0.0	
60L Contribution	200,000.0		200,000.0		200,000.0		200,000.0		200,000.0	
Others	62,040.0		15,190.0		7,540.0		7,840.0		7,840.0	
Total Subsidies	440,394.0		424,754.6		399,744.4		391,855.9		353,015.5	
Income from Operations	186,373.6		242,090.7		313,644.3		350,024.3		356,354.7	

YEAR FIVE TOTAL	YEAR SIX USAID COUNTERPART	YEAR SIX TOTAL	YEAR SEVEN
0.0	0.0	0.0	
1,469,265.6	1,713,528.0	1,713,528.0	1,935,381.3
116,899.0	116,899.0	116,899.0	116,899.0
358,824.3	356,354.7	356,354.7	215,941.1
*****	*****	*****	*****
1,936,189.9	0.0	2,186,781.7	2,268,141.9
222,661.8	0.0	251,479.9	268,836.3
*****	*****	*****	*****
1,713,526.0	0.0	1,935,381.0	2,007,385.6

Loan Funds	YEAR SIX		YEAR SEVEN	
	Interest	Loan Funds	Interest	Loan Funds
258,295.3	115,215.2	381,895.0	117,427.4	
872,885.6	135,341.7	983,287.5	144,526.0	
774,128.7	123,859.3	682,922.2	128,467.6	
*****	*****	*****	*****	
1,935,381.0		2,007,385.6		
	376,416.2		398,428.9	
	42,664.0		49,878.0	
	*****		*****	
	419,298.2		448,278.9	
	317,992.0		317,992.0	
	57,152.0		66,584.0	
	*****		*****	
	375,144.0		384,496.0	
	44,136.2		55,882.9	
123,964.9		178,865.3		
0.0		0.0		
0.0		0.0		
7,848.0		7,848.0		
*****		*****		
	171,884.9		177,985.3	
	215,941.1		233,788.2	

**PVO FORM 1**  
**IMPLEMENTATION REPORT**

Period: \_\_\_\_\_ to \_\_\_\_\_  
Grant No.: \_\_\_\_\_  
Grant Title: \_\_\_\_\_

- A. Name of PVO: \_\_\_\_\_
- B. PACD: \_\_\_\_\_
- C. Date of Last Report: \_\_\_\_\_
- D. Date of Last Evaluation: \_\_\_\_\_
- E. Project Funding LOP: Grant: \_\_\_\_\_
- F. Counterpart: \_\_\_\_\_
- G. Expenditure to date: Grant: \_\_\_\_\_
- H. Counterpart: \_\_\_\_\_
- I. Project Purpose: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- J. Outputs: (Cumulative) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- K. Implementation Actions for the Period: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- L. Issues/Problems this Quarter  
Nature and Cause of the Problems  
Its Impact on the Project  
Planned actions to resolve issues/problems \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- M. Major Actions planned next 90 days, action agent  
and target dates \_\_\_\_\_
- N. Contractors/Consultants: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(use additional pages, if necessary)

Prepared by: \_\_\_\_\_ Date Prepared: \_\_\_\_\_

Note: One (1) copy of the Implementation Report, along with the Expenditure Report should be submitted to the USAID PVO Project Manager within thirty (30) days after the end of the quarter.

PVO FORM 2

REQUEST FOR CASH ADVANCE

PERIOD: \_\_\_\_\_ TO \_\_\_\_\_  
 GRANT NO. \_\_\_\_\_  
 GRANT TITLE: \_\_\_\_\_

- 1. Amount Authorized \_\_\_\_\_
- 2. Total Cash Advances Received \_\_\_\_\_
- 3. Total Disbursements to Date \_\_\_\_\_
- 4. Accrued Payables to Date \_\_\_\_\_
- 5. Unexpended Cash Advances [2-(3+4)] \_\_\_\_\_
- 6. Cash Requirement for this period \_\_\_\_\_
- 7. Cash Advance Requested (6-5) \_\_\_\_\_

Details of Projected Expenditures for the Period:

MONTHLY BREAKDOWN

	<u>1st</u>	<u>2nd</u>	<u>3rd</u>
A. Personnel Costs*	_____	_____	_____
B. Equipment & Commodities	_____	_____	_____
C. Monitoring & Evaluation	_____	_____	_____
D. Training	_____	_____	_____
E. Administration & Travel	_____	_____	_____
F. Loan Fund*	_____	_____	_____
Total Required for the period	_____	_____	_____

The undersigned hereby certifies: 1) that the above represents the best estimates of funds needed for expenditures to be incurred over the period described; 2) that expenses under any previous advances are progressing in accordance with projections; 3) that appropriate refund or credit to the grant will be made in the event funds are not expended; 4) that appropriate refund will be made in the event of disallowance in accordance with the terms of this grant; 5) that any interest accrued on the funds made available herein will be refunded to the USAID, and 6) that use of funds will be in compliance with the terms of the Agreement.

PVO: \_\_\_\_\_  
 \_\_\_\_\_

Project Director/Authorized Representative  
 Date signed: \_\_\_\_\_

NOTE: One (1) copy of the Request for Cash Advance should be submitted to the USAID PVO Project Manager thirty (30) days before the start of the next quarter. Attach a Quarterly Implementation Report to the Request for Cash Advance.

(Name of PVO)

EXPENDITURE REPORT  
QUARTERLY

PERIOD: \_\_\_\_\_ TO \_\_\_\_\_

GRANT NO.: \_\_\_\_\_

Budget Items	Approved Budget L O P	GRANT FUNDS			Total Disbursement	Unexpended Balance	COUNTERPART FUNDS			Total Disbursement
		Advances Cumulative	Disbursements This Period				Approved Budget L O P	Disbursements This Period		
1) Personnel Costs										

I, the undersigned, hereby certify that: 1) the expenditures claimed under the cited agreement are proper and due and that appropriate refund to U.S. A.I.D. will be made promptly upon request of U.S.A.I.D. in the event of non-performance, in whole or in part, under the terms of the agreement; 2) that the information on the fiscal report is correct and such detailed supporting information as U.S.A.I.D. may require will be furnished at the grantee's home office, as appropriate; 3) that all requirements called for by the agreement to date of this certification have been met; and, 4) that to the best of my knowledge, none of the commodities purchased were produced in and imported from other than free world countries.

Date: \_\_\_\_\_

Signed: \_\_\_\_\_  
Project Director/Authorized Representative

NOTE: One (1) copy of the Expenditure Report, together with the Progress Report should be submitted to the USAID PVO Project Manager within thirty (30) days after the end of the quarter.

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