

PD-AAT-656
45655

APPENDIX 3A, Attachment 1
Chapter 3, Handbook 3. (TM 3:43)

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 3			
COUNTRY/ENTITY PERU		3. PROJECT NUMBER 527-0266		5. PROJECT TITLE (maximum 40 characters) OPG ISEFA - Vocational Educ. in P.J.					
4. BUREAU/OFFICE LA		05							
6. PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY		7. ESTIMATED DATE OF OBLIGATION (Under "B." below, enter 1, 2, 3, or 4) A. Initial FY 83 B. Quarter 4 C. Final FY 84							
8. COSTS (\$000 OR EQUIVALENT \$) =									
A. FUNDING SOURCE		FIRST FY 83		LIFE OF PROJECT					
		B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total		
AID Appropriated Total			180	180		360	360		
(Grant)		()	(180)	(180)	()	(360)	(360)		
(Loan)		()	()	()	()	()	()		
Other U.S. 1.									
2.									
Host Country and ISEFA			77	77		154	154		
Other Donor(s)									
TOTALS			257	257		514	514		
9. SCHEDULE OF AID FUNDING (\$000)									
A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH CODE		D. OBLIGATIONS 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) EH	610	635				180		360	
(2)									
(3)									
(4)									
TOTALS						180		360	
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		BU		PVON					
B. Amount									
13. PROJECT PURPOSE (maximum 480 characters) To test a method of self-financing vocational education. It will also increase the institutional capacity of ISEFA to offer relevant and practical vocational education to adolescents and adults (men and women) living in Pueblos Jovenes.									
14. SCHEDULED EVALUATIONS					15. SOURCE/ORIGIN OF GOODS AND SERVICES				
Interim		MM YY	MM YY	MM YY					
		9 8 4	9 8 4	9 8 5	<input type="checkbox"/> 000 <input type="checkbox"/> 941 <input checked="" type="checkbox"/> Local <input type="checkbox"/> Other (Specify)				
16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page PP Amendment)									

17. APPROVED BY	Signature	John A. Sanbraile		DATE DOCUMENT PREPARED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION
	Title	Director		
	Date Signed	MM DD YY		MM DD YY

158071

September 13, 1983

Mr. John A. Sanbrailo
Director

Orlando Rojas
Education Advisor

**Approval of OPG ISEFA
Technical Training in three Community Centers
in the Pueblos Jovenes of Lima**

I. Summary and Recommendation

Attached, for your review and approval, is a proposal (Attachment A), and supplemental information (Attachment B) submitted by Instituto de Servicios Educativos y Formación Ambiental (ISEFA), requesting an Operational Program Grant (OPG) totalling \$360,000 over a two-year period towards the total estimated project cost of \$533,970. Approximately 28% (\$140,570) of costs of the proposed project will be provided by the GOP through the Ministry of Education. ISEFA will contribute approximately \$33,400 or 7% of the total project costs. In addition ISEFA will arrange for a loan through the Industrial Bank totalling approximately \$246,200 to finance raw materials and labor costs.

The Project will operate six workshops in three Community Centers located in the Pueblos Jovenes of Lima. Skills training will be offered to residents of these communities in the areas of carpentry, sewing, and knitting. ISEFA will also offer special courses for participating adults to increase their literacy and numeracy skills.

The Project includes a marketing program for the goods to be produced by workshop participants. This program is designed to assure that the workshops will be self-financed by the end of the Project. Members of ADEX (Asociación de Exportadores), the Peruvian Export Promotion Organization, will undertake the overseas marketing of approximately 40,000 sweaters which are expected to be produced over the life of the project. The profits of this commercialization will be around \$360,000. With this amount, ISEFA will buy new materials, repay the BIP loan, and be able to finance the implementation of new workshops. ISEFA has arranged for the use of facilities of the "Asociación Obras de Bien Común" community centers and for the provision of equipment and teachers by the Ministry of Education. ISEFA will obtain a loan from the Industrial Bank's "Fondo de Exportaciones No Tradicionales" (FENT), guaranteed by the ISEFA Board of Directors, to purchase knitting materials and to pay the salaries of workshop workers (see letter from Industrial Bank - Attachment C). ISEFA, in coordination with ADEX, has planned to assure:

1) a foreign market for the products (knitting); 2) the collaboration of BIP; 3) the quality of the product; and 4) a chronogram of production depending, of course, on the initiation of the Project.

The USAID contribution will be used to finance salaries of staff and employees who will be in charge of the project operation administrative cost and to fund miscellaneous training materials.

The Project Development Committee has reviewed the OPG proposal and found it to be sound and consistent with AID's Vocational Education Policy and OPG development objectives and, therefore, recommends that it be approved.

USAID/Peru Project Development Committee

Orlando Rojas, Project Manager
Robert J. Maushammer, PROC
Michael A. Rogal, CONT
Annetta D. Adams, ELA
Verónica Ferrero, PROC

III. Background

The "Instituto de Servicios Educativos y Formación Ambiental" (ISEFA) is a private voluntary, non-profit organization created in 1981 to promote educational research dissemination and training. This institution was created by a private group of businessmen and managers who wanted to enhance education and environmental awareness in Peru, primarily in the marginal urban areas of Lima.

The Project addresses the problem of a large part of the Pueblo Joven population of Lima without vocational training and, more importantly, without a complete primary education. Due to this limitation, many people are not engaged in fully productive or remunerative activities. This problem is particularly critical in the case of adolescents, women and men, who are forced to accept underpaid jobs because they lack adequate training and education.

Because of the beneficiaries' background, the Project will also fund a special program to strengthen basic education. These courses will take place Mondays through Saturdays during daytime hours. The workshops for carpentry, sewing and knitting will also permit a significant number of community members, women and men, to attend training courses. Workshop training courses have been tentatively scheduled in the mornings, Monday through Saturday.

Finally, the Project seeks to explore in depth one way of operation vocational education workshops that, if successful, would leave self-financing operations that could be replicated in other areas with non-AID financing.

III. Project Description

A. Goal and Purpose

The goal of the Project is to provide manual skills and basic education to participating adult Pueblo Joven dwellers, in order to increase their employment opportunities and earning potential. The Project purpose is to test a method of self-financing vocational education. The Project will also increase the institutional capacity of ISEFA to offer relevant and practical vocational education to adolescents and adults (men and women) living in Pueblos Jovenes. Vocational training will be offered in the areas of carpentry, sewing and knitting.

B. End of Project Status

1. By August 1985, the proposed method of self-financing will have been tested thoroughly.

2. By August 1985, the number of adolescents and adults trained will total 2,384, as follows: 192 in carpentry, 96 in dress industry, 800 in knitting and 1,296 in basic education skills (reading, writing, arithmetic).

C. Project Inputs

1. AID will fund salaries for administrative personnel and eight instructors; and will also provide funds for training materials and administrative costs for two years.

2. The GOP will provide the buildings, teachers for basic education courses, and the necessary equipment for the operation of the workshops.

3. ISEFA will provide a consultant in vocational education for two months, in cooperation with the "Misión de Cooperación Técnica de España", ISEFA will also contribute a vehicle and has carried out a preliminary evaluation.

D. Project Outputs

1. The Project will train approximately 2,384 adolescents and adults, men and women, up to 1985. This training will be in specific areas: carpentry, knitting and sewing, as well as in basic education skills.

2. The Project will have an impact on employment generation and consequently on community development. In this respect, we note that members of the community centers, while the workshops are in operation, will receive a salary as compensation for their work. This salary, of course, is received only by those members who are receiving training in vocational skills.

3. A Job Placement Office will be established by ISEFA and will assist those who have received training in the Centers to find jobs commensurate with their skills. AID will provide funding to contract the Psychologist and the promotor.

4. With AID cooperation 36 instructors will be trained in the areas of carpentry, sewing and knitting during the two year project. Curricula in the above mentioned areas will be revised and adapted in some cases to the needs of the program.

IV. Technical Aspects

Various analyses of the Peruvian education system have indicated that Peru does not produce sufficient mid level technically trained manpower when compared to the number of university graduates trained in traditional academic fields. ISEFA workshops will attempt to address this imbalance by offering practical training designed to prepare the participants for the labor market.

Studies will be carried out by the Job Placement Office to determine labor market opportunities and will serve to restructure, if necessary, the curriculum or types of technical skills offered by ISEFA so that job opportunities are enhanced. It is hoped that the office will, in time, become involved in helping graduates establish their own small cooperative enterprises.

In-service seminars will be held to expand the capability of ISEFA's instructors and to assist in developing a standard community center vocational education curriculum for use by project staff and for replication in other Pueblos Jóvenes. The administration of the three community centers incorporating ISEFA workshops will be carried out by Peruvian personnel. The ISEFA Board of Directors will oversee the operation, control, and implementation of all programmed activities. The equipment provided by the MOE to the workshops is ready for installation and ready for classes. Products produced in the workshop will be marketed. The profits from their sale will be invested in new workshops to be opened in other pueblos jóvenes.

V. Financial Plan

The total cost of the Project will be \$533,970. ISEFA will receive from AID \$180,000 in FY 1983 and in FY 1984 (see proposed budgets, attachments D and E). The estimated counterpart contribution will be approximately \$173,970. This amount does not include the short period credit that will be provided by the Industrial Bank, estimated in \$246,200. These funds will be used to buy knitting materials and pay the labor costs of the knitters.

VI. Project Beneficiaries

The proposed OFC addresses the needs of the pueblo joven residents in a number of ways. The primary beneficiaries are the approximately 2,384 men and women, who will receive instruction in six workshops during the first two years of operation. They will acquire technical knowledge and manual skills which will facilitate their entrance into labor market or into advanced technical programs. Either option will enable them to be more productive citizens and will increase their economic earning potential.

The basic education courses (reading, writing and elements of mathematics) which will be offered simultaneously with the technical training, are also scheduled to be held year round. First year approximately 556 students will receive this basic education training. In accordance with project plans, 544 persons will attend vocational courses during the first year. For carpentry, the beneficiaries will be 96, while 48 people will participate in the sewing workshop. Approximately 400 women will participate in the first year's course in sweater knitting. These women will receive a compensation for their product, equivalent to \$7.50 per sweater. Each unit will be sold for \$22.00. Of this amount ISEFA has planned to use \$5 for materials. Teachers receiving in-service training will also be Project beneficiaries.

VII. Organization, Background and Institutional Capacity

The "Instituto de Servicios Educativos y Formación Ambiental" (ISEFA) is a private non-profit association, constituted and organized as a legal entity since August 1, 1981. Its purpose is to develop actions regarding research and dissemination in the education field with particular emphasis in the area of environmental education.

Because ISEFA has only been in existence for 20 months, its formal management and accounting procedures are weak. Therefore, the Controller's Office has recommended that a Condition Precedent be included in the project agreement to require ISEFA to establish an adequate accounting system and contract a full-time accountant before any funds are disbursed. The project should also include a covenant stating that ISEFA will provide AID with an annual audit report of its operations no later than March 31 of each succeeding year for the life of the project. The members of their Board of Directors are very well known executives with an interest in vocational education; however, in order to make sure that the Industrial Bank will provide financial support AID has requested and received a letter from the Bank assuring that ISEFA will be eligible for participation in the Bank administrative export credit fund, FENT. Besides the technical and economic assistance of ADEX, the Project will have SEMATE's assistance for the professional training.

ISEFA's operational costs are financed by donations. So far, the funds they have received amount to approximately \$60,000. In addition, they have several projects in preparation.

VIII. Issues

1. Since the purpose of the Project is to test one alternative for establishing vocational education programs that are eventually self-financing, careful attention will be given during project implementation to factors that advance or interfere with progress towards this objective. Special reports on this aspect of the Project will be provided by ISEFA on a monthly basis. Monthly reports will indicate the number of courses held, participants in each course, units of production and units of sale.

2. ISEFA is a new organization; therefore it is necessary to reinforce their personnel with a professional in the accounting area. ISEFA has no objection to, and would welcome the provision of, professional accounting services to assist them with Project accounting. This has been built into the project design.

3. The adequacy of the rate of payment to women working in sweater production should be carefully monitored.

4. The money obtained in the sales of carpentry products, sweaters, etc. is going to be deposited in a saving account to be reinvested in the new centers of the Project. The cash flow they have submitted in their proposal will serve for the first two years' operation of the Project.

IX. Implementation Schedule and Evaluation

ISEFA expects to initiate the Project as soon as possible. The tentative schedule for the first two years is as follows:

	1983	1984
	S-O-N-D	J-F-M-A-M-J-J-A-S-O-N-D
1. Sign Grant Agreement	—	
2. Install Workshops	—	
3. Workshop Instructor	—	
4. Basic Education Courses	—	
5. Job-Opportunities Office	—	

Regular annual evaluations will be scheduled to examine overall project implementation, as well as Project's impact on students (men and women). Quarterly reports will describe progress towards self-financing of project operations.

The first fully trained beneficiaries will be graduating from ISEFA Educational Centers in December, 1983. Their ability to obtain employment will be investigated, and this information used by ISEFA in order to design subsequent training programs.

X. Recommendation:

The OPG Committee recommends your approval of the ISEFA funding request.

Approved: _____

Date: _____

Disapproved: _____

Date: _____

Clearances:

ENE: MJ Parker (in draft)
 PROC: R Maushammer (in draft)
 PROC: V Ferrero (in draft)
 CONT: M A Rogal
 RLA: A Adams (in draft)
 DD: G Hill _____

EA: O Rojas: sn: 9/14/83

FOREIGN PRIVATE AND VOLUNTARY ORGANIZATION
SUMMARY DESCRIPTION

Date Application: _____

Name of PVO: Instituto de Servicios Educativos y Formación Ambiental (ISEFA).

Mailing Address: Calle Porta No. 170-Of. 205
Miraflores

President of Organization: Rómulo Guidino P.

AID officer Elizabeth Hunt

Fiscal Year: 1983 Income: NA Expenditures: NA

(see response)

Status:

A. Receiving: NA B. Seeking: \$369,504

1. Is the organization a legal entity within the country in which it is domiciled: Describe the purpose, noting whether the organization is philanthropic and/or public service oriented and nonprofit, nongovernmental nonpolitical.

ISEFA is a private non-profit association founded April 14, 1981 by a group of Peruvians interested in promoting alternative educational projects designed to yield a maximum social return on investment.

2. What types of governmental approvals, licenses, etc., and/or Articles of Incorporation, Bylaws affirm the legal status, purpose and nonprofit, nongovernmental, nonpolitical nature.

ISEFA was registered with the Ministry of Work as a Private Institution for Professional Training (Directorial Resolution 02-81-DGFP) on December 10, 1981. On March 11, 1982 it was inscribed with the Ministry of Economy, Finance and Commerce as a tax exempt entity (Resolution 076-82-EFC/74-20). It was officially recognized on March 25, 1981 for a period of two years by the Technical Directorate for Cultural Promotion as a Private Cultural Association in accordance with Decree Law 135 and Ministerial Resolution No. 0649-81-ED. Finally, on June 1, 1983, Resolution 076-82 EFC/74-20 was amended by the Ministry of Economy, Finance and Commerce to recognize INSEFA's eligibility to receive tax-deductible donations (in addition to its tax-free status) upon receipt of a photocopy of the official document from the National Institute of Culture recognizing INSEFA as a private cultural association.

3. Describe the method of operation, nature of normal functions, areas of expertise; constituency; years in operation; size of staff; and programs and budget projected for its next fiscal year.

ISEFA currently consists of a 10-person Board of Directors and a salaried manager. The project proposes hiring an administrator, a technical pedagogical assistant, a workshop chief and 4 assistants, a psychologist, a secretary, 2 typists/warehouse clerks, 6 support staff (service staff & guardians) and a variety of instructors. As noted above ISEFA was created in April 1981. The project (described in 5 below) for which ISEFA has applied to A.I.D. for funding appears to be its first concrete activity. ISEFA's purposes as stated in its constitution include:

- Carrying out & promoting research in the areas of education, communications, linguistics & ecology.
- Carrying out and producing educational programs.
- Promoting the diffusion of information in the fields in which the Institute does research.
- Collaboration with similar institutions.
- Provision of technical assistance.

4. Are the activities the organization is engaged in voluntary charitable or development assistance operational in nature of a type consistent with the FAA or PL 480?: Yes _____; No _____. Are the operations consistent with the purposes described in the application and supporting documents submitted to A.I.D.: Yes _____; No _____.

Yes.

Yes.

5. Describe the activities expected to be conducted with A.I.D. funding. Are these other than religious in nature? Yes _____; No _____. Discuss any pertinent aspects, as necessary.

Yes, the activities are not religious but secular in nature.

The project for which AID funding is solicited would establish 6 workshops in three already completed Community Centers in the Pueblos Jovenes. The pilot program would offer carpentry for men 17-25 and sewing for women 17 and older. The dressmaking skills would be intended for domestic use. In addition, extension courses in basic literacy, complementary education, and mothercraft would be offered to women. The women in these courses would be taught knitting as would other women from the neighborhood. The four-hundred most highly skilled knitters from among the total trained would be formed into a knitting workshop. The knitted products (sweaters) and carpentry products (doors) would be sold and the income divided between the workers and the centers. Since the external market for the sweaters is considered to be more certain than the internal market for the doors, ISEFA has based its funding projections on the knitted products alone. From the portion of the income accruing to the Centers, within two years ISEFA will be able to: fund an employment center offering placement, health, and psychological services at no cost to the Trainees, make the initial three centers self-financing (including repayment of Banco Industrial loans) and fund the initial investment for operations in three additional centers.

6. If the organization is tax exempt, what is the effective date and duration of the exempt status, the nature of the authorizing entity, and the key factors in the determination.

The Dirección General de Contribuciones (Tax Authority) of the Ministry of Economy, Finance and Commerce inscribed ISEFA as a tax-exempt institution on March 11, 1982 by means of Resolution 076-82-EFC/74-20 presumably on the basis of both ISEFA's stated purpose of educational research and diffusion and its statutes which states that ISEFA's income can be used only for the purposes for which the institution was created and can not be distributed to the Directors.

7. If the organization is not currently engaged in voluntary charitable or development assistance operations, does it have the potential for becoming so engaged?: Yes _____; No _____. Summarize the indicators supporting the conclusion.

The proposed activity would be ISEFA's first operation. However, the continued existence of an organization (including a salaried staff) funded entirely by donations from the Board of Directors indicates the depth of the Board's dedication to making ISEFA an effective development organization.

8. What reviews of financial accounts have taken place? For example: Are financial statements rendered by chartered accountants in accordance with generally accepted accounting principles? What conclusions can be drawn regarding the financial viability of the organization?

See attached memo from the Controller's Office.

9. Summarize grounds for concluding whether or not the organization has financial resources and demonstrated management capability of sufficient substance to enable it to perform its normal functions in the absence of A.I.D. support.

See attached memo from the Controller's Office.

10. How are the operations of the organization controlled? Describe the nature, authorities and obligations of the governing body, the functions it performs, actions it takes, number and regularity of meetings, presence/absence of quorum - and other factors relevant to the question of the effectiveness of the policy and administrative control of the governing body.

The Institute is governed by a General Board of Associates. It meets once year and in extraordinary sessions as called by the Board of Directors or as requested in writing by 1/5 or more of the associates. A quorum and a decisive vote are defined by a majority (1/2 + 1). The powers of the General Board of Associates include: approving modifications of the statute; approving the development and operational plans proposed by the Directorate; approving the annual report and the annual balance submitted by the Directorate, fixing the number and electing the members of the Directorate and approving the budget.

The ongoing duties devolve upon a 6 to 9-member Board of Directors elected by the general Board of Associates for a two-year term Article 20 of the Constitution charged the Board of Directors with (among other activities) directing the operation of the Institute, formulating development plans and the annual report, approving the research projects and outreach (difusión) programs which are carried out by or with the participation of the Institute, administering the Institute's economic resources, entering into contracts and contracting debt. The Board of Directors meets when ever the President & Vice President of the General Board of Associates convene it. The presence of one half the members is required to convene. Accord is by absolute majority. Ties are broken by vote of the President.

In addition to the Board of Directors there is a salaried manager contracted by the Institute whose powers are clearly defined (Title 5 Article 30 of the Constitution). The Institute also intends to contract a project administrator.

11. Summarize the evidence submitted/available relative to whether or not the organization establishes its own, priorities and programs. Does the organization obtain, expend and distribute funds and resources in conformity with accepted ethical standards in the country or countries in which it operates?: Yes _____; No _____. Describe the essential standards in the context of the host country.

Yes X

ISEFA has been established with its own constitution and governing structure as detailed above. The Board of Associates is not subordinate to any other organization nor is any Member of the Board known to represent any interest which could be constituted to be controlling. All funds obtained to date have been through donations of Board members. Future funds are to be obtained from loan and grant arrangements legitimately entered and through the sale of products produced in the ISEFA workshop program. ISEFA is required to establish a formal accounting system as a condition precedent of the AID grant. "Essential Standards" for Peru with respect to acquisition and use of resources imply open requests for support, fund raising efforts, dues, etc., Systematic accounting of funds, and carrying out projects in an effective manner.

12. Note costs for promotion, publicity, fund raising and administration. In registering U.S. organizations, the cost of fund raising is figured as a percentage of cash and in-kind contributions - 20% or above being sufficient to warrant seeking explanatory information. Administrative costs (including fund raising costs) are reviewed on a case-by-case basis; where program expenditures are less than 50% of total expenditures, the situation is explored to identify the contributing factors.

Since this is a new organization, all of the costs to date have been administrative -- principally in the form of salaries. ISEFA has not relied upon public fund raising but has used contributions from the Board of Directors to pay its operating costs to date. No person or organization is employed for fund raising and the proposed project is designed to be

self-financing after an initial start-up period. In the interim costs are to be covered by a combination of Board contributions, the AID grant and two loans through the Banco Industrial.

Approval:

Name: John A. Sanbrailo
John A. Sanbrailo

Title: Director

Date: 9/13/83

PROJECT AUTHORIZATION

Name of Entity: Instituto de Servicios Educativos
y Formación Ambiental (ISEFA)

Name of Project: Vocational Education in Pueblos
Jóvenes

Number of Project: 527-0266

1. Pursuant to Section 105 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Vocational Education in Pueblos Jóvenes Operational Program Grant project for the Instituto de Servicios Educativos y Formación Ambiental (ISEFA) involving planned obligations of not to exceed Three Hundred Sixty Thousand United States Dollars (\$360,000) in grant funds ("Grant") over a two-year period from date of authorization, subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to help in financing foreign exchange and local currency costs for the Project.

2. The project ("Project") consists of assistance to test a method of self-financing vocational education in Pueblos Jóvenes by strengthening the institutional capacity of ISEFA to provide relevant basic education and marketable skills training to adults and adolescents in Pueblos Jóvenes.

3. The Letter Grant Agreement, 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, together with such other terms and conditions as A.I.D. may deem appropriate.

a. Conditions Precedent to First Disbursement

Prior to any disbursement or to the issuance of any commitment documents under the Grant, ISEFA shall, except as A.I.D. may otherwise agree in writing, furnish to A.I.D., in form and substance satisfactory to A.I.D.:

- (1) evidence that it has employed an accountant and that it has established an accounting system for ISEFA; and
- (2) a description of ISEFA's personnel policies for its employees.

b. Condition Precedent to Disbursement for Project Activities after March 1, 1984

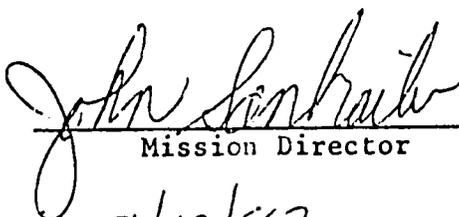
Prior to any disbursement, or to the issuance of any commitment documents under the Grant to finance Project activities after March 1, 1984, ISEFA shall, except as A.I.D. may otherwise agree in writing, furnish to A.I.D., in form and substance satisfactory to A.I.D.:

- (1) evidence of a loan commitment from the Industrial Bank in the amount of \$246,200 to finance materials and working capital costs for the production of knitted sweaters; and
- (2) a marketing plan for sweaters produced for export under the Project.

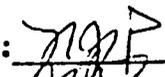
c. Covenants

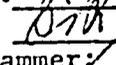
ISEFA shall covenant that, unless A.I.D. otherwise agrees in writing,

- (1) it will not use Grant funds to finance the exportation of sweaters produced under the Project.
- (2) it will submit to A.I.D. by March 31st of each year of the Project a copy of a Certified Audit Report prepared by an independent auditor acceptable to A.I.D., on ISEFA's operations for the preceding calendar year.


Mission Director
9/13/83
Date

Clearances:

HNE:NParker: 

EDU:ORojas: 

PROG:RMaushammer: 

Drafted by:DAAdams:pdcc



AGENCY FOR INTERNATIONAL DEVELOPMENT

UNITED STATES AID MISSION TO PERU

C/O AMERICAN EMBASSY

LIMA, 1 PERU

TELEPHONE: 286200

CABLE: USAID/LIMA

September 15, 1983

Commander Rómulo Guidino
President Board of Directors
Instituto de Servicios Educativos
y Formación Ambiental
Lima

Subject: ISEFA OPG - Vocational Education in
Pueblos Jovenes - Project 527-0266

Dear Commander Guidino:

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 the Instituto de Servicios Educativos y Formación Ambiental (hereinafter referred to as "ISEFA" or "Grantee"), the amount of \$180,000 in accordance with the Financial Plan, to provide support to ISEFA in the execution of a project designed to test a method of self-financing vocational education, as described in the Schedule of this grant and Attachment 2, entitled "Program Description".

This grant is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Grantee in furtherance of program objectives during the period beginning with the effective date and ending September 30, 1984.

This grant is made to ISEFA on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1, the Schedule, Attachment 2, entitled "Program Description," and Attachment 3 entitled "Standard Provisions," agreed to by your organization.

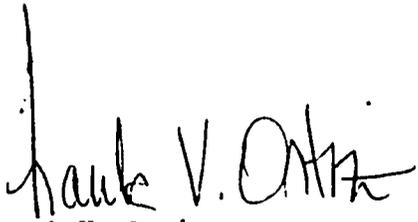
Commander Rómulo Guidino

2.

Please sign all six (6) copies of this letter to acknowledge your acceptance of the conditions under which these funds have been granted, and return (5) copies to USAID/Peru.

Sincerely yours,


John A. Sanbrailo
USAID Director


Frank V. Ortiz
Ambassador

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions
4. Certification for Liquidation
5. Summary of Local Expenditures
6. Monthly Listing of Disbursements

ACKNOWLEDGED:

INSTITUTO DE SERVICIOS EDUCATIVOS Y FORMACION AMBIENTAL


By: _____

Commander Rómulo Guidino

Title: President, Board of Directors

Date: _____

Fiscal Data

Appropriation : 72-1131021
Budget Plan Code : LDAA-83-25527-EG13
Project Number : 527-0266
Total Estimated Amount: \$360,000
Total Obligated Amount: \$180,000
Funding Source : USAID/Peru

SCHEDULE

A. Purpose of Grant

The purpose of this Grant is to provide support for Project 527-0266, ISEFA Vocational Education in the Pueblos Jovenes, as more specifically described in Attachment 2 to this Grant entitled "Program Description."

B. Period of Grant

1. The effective date of this Grant is the date of its signature. The expiration date of this Grant is December 31, 1985.
2. Funds obligated hereunder are available for program expenditures in accordance with the Financial Plan below for an estimated fifteen month period from the effective date of the Grant.

C. Amount of Grant and Payment

1. The total estimated amount of this Grant for the period shown in B.1 above is \$360,000.
2. AID hereby obligates the amount of \$180,000 for program expenditures during the period set forth in B.2 above and as shown in the Financial Plan, Section D.
3. Payment shall be made to the Grantee in accordance with procedures set forth in Attachment 3, Standard Provision 9A, entitled "Payment--Periodic Advance."
4. Additional funds up to the total amount of the grant shown in C.1 above may be obligated by AID subject to the availability of funds, and to the requirements set forth in Attachment 3, Standard Provision of the Grant, entitled "Revision of Financial Plans."

D. Financial Plan

The following is the Financial Plan for this Grant, including local cost financing items. Revisions of this Plan shall be made in accordance with Attachment 3, Standard Provision, entitled "Revision of Financial Plans."

ILLUSTRATIVE PROJECT BUDGET

	<u>Obligated Amount</u>		<u>Estimated Additional</u>		<u>Total Estimated</u>	
	<u>US\$</u>	<u>Local Currency</u>	<u>US\$</u>	<u>Local Currency</u>	<u>US\$</u>	<u>Local Currency</u>
1. <u>Salaries</u>	---	<u>112,360</u>	---	<u>112,360</u>	---	<u>224,720</u>
Director (\$800 per month)		9,600		9,600		19,200
Administrator (\$600 per month)		7,200		7,200		14,400
Educator		7,200		7,200		14,400
Workshop Chief		6,000		6,000		12,000
Assistants (4)		16,000		16,000		32,000
Secretary		4,200		4,200		8,400
Typists and Warehouse Clerks (2)		7,200		7,200		14,400
Service Personnel (3)		8,280		8,280		16,560
Guardians (3)		8,280		8,280		16,560
Instructors (8)		38,400		38,400		76,800
2. <u>Materials and Supplies</u>	---	<u>31,840</u>	---	<u>31,840</u>	---	<u>63,680</u>
Carpentry Workshop materials and supplies		31,840		31,840		63,680
3. <u>Administrative Costs</u>	---	<u>35,800</u>	---	<u>35,800</u>	---	<u>71,600</u>
Executive Director		14,400		14,400		28,800
Office Rental		3,600		3,600		7,200
Gas and vehicle maintenance		2,400		2,400		4,800
Job placement office (Psychologist and Assistant)		9,600		9,600		19,200
Didactic materials for instructors training		5,800		5,800		11,600
T O T A L		180,000		180,000		360,000

ESTIMATED COUNTERPART CONTRIBUTION FOR TWO YEAR OPERATION

I.	<u>Ministry of Education Contribution</u>		\$140,570
	Equipment	\$67,800	
	Buildings	45,000	
	9 teachers	27,770	
II.	<u>ISEFA</u>		\$ 33,400
	Consultant	\$ 3,000	
	Vehicle	5,000	
	Study	5,000	
	Full time Accountant (\$600 per month)	14,400	
	Annual Audits	6,000	
			<hr/>
		T O T A L	\$173,970
			=====

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E. Reporting and Evaluation

1. ISEFA hereby agrees to provide AID with copies of the following reports and any other reports as AID may reasonably deem necessary during project implementation.
 - a. Quarterly reports on the implementation of project workshops indicating number of participants and estimated value of goods produced under the workshops.
 - b. On a semi-annual basis, a summary report on project implementation progress toward achieving project's objective of self-financing.
 - c. After three months of signature of OPG Agreement, ISEFA will submit to AID on a quarterly basis reports indicating funds received by source, funds expended and funds liquidated, according to major budget categories.
2. Approximately one year after workshops are in operation under this OPG, ISEFA will collaborate with AID in carrying out an evaluation to measure project progress. Approximately two evaluations should take place during the life of the project or as considered necessary by AID and/or ISEFA.

F. Special Provision

Standard Provisions for Non-U.S. Grantees and Non U.S. Subgrantees Non-Profit Organizations - Other than Educational Institutions, Attachment 3, are modified as follows: delete provisions 8A, 8B, 9B, 12B, 15B and 15C.

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PROGRAM DESCRIPTION

I. Purpose of the Grant

The purpose of this Operational Program Grant (henceforth, "The Grant") is to test a method of self-financing vocational education through the strengthening of ISEFA institutional capacity to offer relevant and practical vocational education to adolescents and adults living in Pueblos Jovenes.

II. Goal and Objectives

A. Goal

To provide manual skills and basic education to participating adult Pueblo Joven dwellers, in order to increase their employment opportunities and earning potential.

B. Objectives

1. To operate six vocational training programs in three Community Centers located in the Pueblos Jovenes of Lima.
2. To offer skills training to residents of these communities in the areas of carpentry, industrial sewing and knitting.
3. To offer special courses for participating adults to increase their literacy and numeracy skills.

III. Project Implementation and Responsibilities of the Grantee and Participating Entities

ISEFA will implement the project over a period of approximately two years beginning with the date of the Letter Agreement. At this time, ISEFA will assume responsibility for overall project implementation, utilization of Grant funds and coordination of all technical aspects of project implementation.

A. ISEFA will:

1. Obtain a loan from the Industrial Bank's "Fondo de Exportaciones No Tradicionales" (FENT), guaranteed by ISEFA Board of Directors, to purchase raw materials for knitting and to pay the salaries of workshop workers.
2. Coordinate with Asociación de Exportadores, ADEX, to assure a foreign market of the knitted products.

3. Arrange for the use of facilities of the "Asociación Obras de Bien Común" community centers.
4. Coordinate with the Ministry of Education for the provision of equipment and teachers.
5. Provide a consultant in vocational education for two months and the services of a vehicle.

IV. Project Budget and Release of Funds

The proposed project budget calls for grant financing over a period of two years not to exceed US\$360,000 with an initial first year obligation of \$180,000. Grant funds will be used to pay for salaries of administrative personnel, eight instructors, training materials and administrative costs for two years.

It is not expected that there will be any U.S. dollar cost in this project. See Section D of the Schedule, attachment 1, for an illustrative project budget and an estimate of ISEFA and Ministry of Education contributions.

Release of Grant funds under this Agreement shall be in accordance with Article 9A of Attachment 3, Standard Provisions. Shifts of more than 20% among USAID-financed budget line items cannot be made without prior written authorization of USAID.

V. Conditions and Covenants

A. Conditions Precedent to First Disbursement

Prior to any disbursement, or the issuance of commitment documents under the Grant, ISEFA shall, except as A.I.D. may otherwise agree in writing, furnish to A.I.D., in form and substance satisfactory to A.I.D.:

1. evidence that it has employed an accountant and it has established an accounting system for ISEFA;
2. description of ISEFA's personnel policies for its employees.

B. Conditions Precedent to Disbursement for Project Activities After March 1, 1984

Prior to any disbursement or the issuance of commitment documents under the Grant to finance all project activities after March 1, 1984, ISEFA shall, except as A.I.D. may otherwise agree in writing, furnish to A.I.D., in form and substance satisfactory to A.I.D.:

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1. evidence of a loan commitment from the Industrial Bank in the amount of \$246,200 to finance materials and working capital costs for the production of knitted sweaters, and
2. a marketing plan for sweaters to be produced for export under the Project.

C. Covenants

ISEFA covenants that, unless A.I.D. otherwise agrees in writing:

1. it will not use Grant funds to finance the exportation of sweaters produced under the Project.
2. it will submit to AID by March 31st of each year of the Project, a copy of a Certified Audit Report prepared by an independent auditor acceptable to AID, on ISEFA's operations for the preceding calendar year.

VI. Fiscal Provisions

ISEFA will administer the Grant funds according to the budget included in Section D of the Schedule, Attachment 1, to defray the costs incurred in carrying out the project activities and within the maximum limitations set forth within this agreement. Disbursement procedures will be as follows:

Upon satisfaction of the conditions precedent to initial disbursement, USAID will facilitate the execution of this project by making available to the grantee a periodic advance equivalent to project's estimated disbursing needs for a 30-day period in accordance with paragraph 9A of the Standard Provisions.

Beginning 45 days after the first advance is made and each month thereafter, the grantee should submit to AID a liquidation voucher which shall consist of the following:

- a. AID Public Voucher SF-1034 (original and two copies).
 - b. Request for Liquidation and Certification from the authorized grantee representative (Attachment 4).
 - c. A Summary of Project Expenditures by component (Attachment 5).
 - d. A list of disbursements effected during the reporting period (Attachment 6). This listing should be accompanied by the grantee's supporting original invoices or receipts. (These original documents will be returned to the grantee after they have been reviewed by A.I.D.)
 - e. A photocopy of the latest bank statement for the project bank account and its respective reconciliation.
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Lima,

CERTIFICATION FOR LIQUIDATION
Vocational Education in Pueblos Jovenes

AID No. _____

Liquidation No. _____

Pursuant to Project Agreement 527-0266, dated September , 198 , we hereby formally request a liquidation as follows:

1. The Instituto de Servicios Educativos y Formación Ambiental (ISEFA) requests that AID liquidate S/._____ to cover expenses made during period from _____ to _____ as per attached receipts.

2. The amount requested is to liquidate the advance made to ISEFA to cover expenses for the procurement of goods and services authorized by the Project Agreement and identified as per attached detail, duly supported by documentation required by AID.

3. The goods and services for which this liquidation is being requested have been received and are being used for the purposes specified in Project Agreement and are appropriate for such purposes. The costs and terms of purchase are reasonable and consistent with the conditions of the Agreement.

4. ISEFA has not requested nor received any reimbursement for the expenses shown in Annex 6, nor will it obtain any reimbursement or credit for such expenses from any other loan or grant that the ISEFA might have with any other entity.

Date: _____

Signature: _____

Title: _____

Handwritten mark

SUMMARY OF LOCAL EXPENDITURES FOR THE MONTH ENDING:

Project 527-0266
Vocational Education in Pueblos Jovenes

Line Items	Budget	E x p e n d e d		Balance
		This Month	Cummulative	
I. Salaries				
II. Materials				
III. Administrative costs				

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MONTHLY LISTING OF DISBURSEMENTS
Project 527-0266
Vocational Education in Pueblos Jovenes
For the Period of _____ to _____

<u>Date</u>	<u>Check No.</u>	<u>Payee</u>	<u>Amount of Check</u>	<u>Purpose</u>	<u>Component</u>	<u>Invoice No.</u>
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TOTAL

2/10