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AGENCY FOR INTERNATIONAL DEVELOPMENT  
UNITED STATES OF AMERICA A. I. D. MISSION  
TO EL SALVADOR  
C/O AMERICAN EMBASSY.  
SAN SALVADOR, EL SALVADOR, C. A.

May 30, 1989.

Mrs. Patricia Caffrey  
Director  
Save the Children Federation  
35 Avenida Sur No. 626  
Col. Flor Blanca  
San Salvador

Grant No. 519-0364-G-00-9422-00 Community  
Based Integrated Rural Development - OPG

Dear Mrs. Caffrey:

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 Save the Children Federation, Inc. (hereinafter referred to as "SCF" or "Grantee"), the sum of \$2,480,000 to provide partial support for a five year four month program in El Salvador, 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 date of this Agreement and ending August 31, 1994.

This grant is made to SCF on condition that funds will be administered in accordance with the terms and conditions as set forth in Attachment 1, entitled "The Schedule," Attachment 2 entitled "Program Description," Attachment 3, entitled "Financial Plan," Attachment 4, entitled "Standard Provisions," and Attachment 5, entitled "Certification Regarding Drug-Free Workplace Requirements," which have been agreed to by your organization.

Please sign the three (3) copies of this letter to acknowledge your acceptance of the conditions under which these funds have been granted. Please return the original and two (2) copies to A.I.D. and retain one of the copies for SCF.

Sincerely yours,

  
Henry H. Bassford  
Director

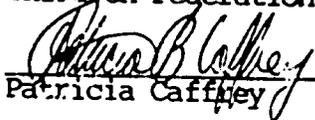
  
Laura K. McGhee  
Grant Officer

- Attachments:
1. Schedule
  2. Program Description
  3. Financial Plan
  4. Standards Provisions
  5. Certification Regarding Drug-Free Workplace Requirements

Acknowledged:

Save the Children Federation

By:

  
Patricia Caffrey

Title: Director

Date:

5/18/89

Fiscal Data

Project No.:	519-0364	
PIO/T No.:	519-0364-3-90028	
Total Estimated Amount:	\$7,300,000	
Total Obligated Amount:	\$2,480,000	
Source:	ARDN/\$2,000,000	HEALTH/\$480,000
Appropriation:	72-1191021.3	72-1191021.8
Budget Plan Code:	LDNA89-25519-KG13	LDHA89-25519-KG13
DUNS No.:		
IRS Employer Identification No.:		
Funding Source:	USAID/EL Salvador	

SCHEDULE

A. Goal and Purpose of Grant

The Project goal is to improve the social and economic conditions of low income families, especially women and children in two new impact areas, and to reinforce the analytical, organizational and operative capacity of community groups, and programs in four other impact areas.

The purpose of the Project is (1) to increase the real income of targeted households; (2) to decrease child morbidity and mortality; (3) to increase local access to educational and training activities which encourage participants to achieve their full physical and intellectual potential and to participate in a democratic process; and (4) to create and strengthen grass roots organizations.

B. Period of Grant

1. The effective date of this Grant is the date of the accompanying letter. The expiration date of this Grant is August 31, 1994.
2. Funds obligated hereunder are available for program expenditures for the estimated period from the date of this Grant to July 31, 1991, as shown in the annexed Financial Plan (Grant Budget).

C. Amount of Grant and Payments

1. The total estimated amount of this Grant for the period shown in B.1. above is \$7,300,000.
2. A.I.D. hereby obligates the amount of \$2,480,000 for program expenditures during the period set forth in B.2. above.
3. Payment shall be made to the Grantee in accordance with the procedures set forth in Attachment 4, Standard Provision entitled "Payment - Letter of Credit."

D. Financial Plan

The Financial Plan for the total life of this Grant, including local cost financing items, is given in Attachment 3. The current amount obligated under this Grant applies to Year One and part of Year Two of the Plan. Future obligations will be subject to the availability of funds to A.I.D.

for this purpose, and to the mutual agreement of the parties, at the time of a subsequent increment, to proceed. Revisions to this Plan shall be made in accordance with the Standard Provision of this Grant entitled "Revision of Grant Budget."

Local cost financing is authorized up to \$6,175,000.

E. Reporting and Evaluation

1. Financial Status Report

The financial reporting requirements are detailed in paragraph 1 (c) (1) and (2) of the attached Standard Provisions. The financial reports entitled "Federal Cash Transactions Report," SF-272, and "Financial Status Report," SF-259 shall be submitted to USAID/El Salvador Controller's Office on a quarterly basis.

2. Program Progress Reports

The Grantee will monitor performance under the Grant and ensure that time schedules are being met, projected work units by time periods are being accomplished, and other performance goals are being achieved. Based upon this monitoring, the Grantee will submit quarterly technical performance reports to USAID that briefly present the following information for each activity under the Grant:

- a) A comparison of actual accomplishments with the goals established for the period;
- b) Reasons why established goals were not met;
- c) Adequacy of remaining funds to reach goals; and
- d) An action plan to remedy problems or shortcomings experienced in the quarter.

In addition, SCF will submit an information copy of the monthly financial reports to A.I.D. which detail disbursement and other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

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The Grantee will submit the quarterly technical performance reports and monthly financial reports to USAID's Infrastructure and Rural Development Office. If any performance review conducted by SCF discloses the need for change in the budget estimates in accordance with the criteria established in Standard Provision entitled "Revision of Grant Budget," SCF will submit a request for budget revision.

3. Evaluation

Independent evaluations will be carried out and evaluation reports submitted to A.I.D. as follows:

- a) Between October 1, 1991 and March 31, 1992 the Grantee will submit a mid-project Evaluation Report on the activities described in this Grant; and
- b) Between April 1, 1994, and September 30, 1994 the Grantee will submit a financial Evaluation Report of the activities that it carried out under this Grant.

F. Special Provisions

1. SCF covenants and agrees, unless A.I.D. otherwise agrees in writing, that:
  - a) SCF will furnish to A.I.D. for approval, the candidate for OPG Manager.
  - b) SCF will submit the "Phaseover Strategy" document currently being prepared as part of the first annual implementation plan, and will update the "Phaseover Strategy" document at the mid-term of the Project and at Project termination.
  - c) SCF will conduct a baseline survey within the first six months of initiating the program in new impact areas, and monitor and evaluate Project progress by reference to selected baseline indicators.
  - d) SCF will not use restricted pesticides or herbicides identified in the report entitled "An Environmental Assessment of Pest Management Practices and Pesticide Use in El Salvador," or to which the A.I.D. Environmental Officer objects.

e) SCF will maintain a drug-free workplace in compliance with the certification provided to AID dated May 8, 1989 (see attachment No. 5). Violations of the requirements to maintain a drug-free workplace may subject the Grantee to suspension of disbursements, termination or suspension of this Agreement, ineligibility to receive further grant assistance, and such other remedies as AID may consider appropriate. Violations include the failure to comply with the certification, presentation of a false certification, or evidence that such a number of employees have been convicted of violations of criminal drug statutes for acts occurring in the workplace as to indicate that the Grantee has failed to make a good faith effort to provide a drug-free workplace.

2. The following provisions of the Optional Standard Provisions attached hereto are not applicable to this Agreement:

- 2. Payment - Periodic Advance
- 3. Payment - Cost Reimbursement
- 12. Negotiated Indirect Cost Rates-Predetermined
- 18. Care of Laboratory Animals
- 21. Title to and Care of Property (U.S. Government Title)
- 22. Title to and Care of Property (Cooperating Country Title)
- 23. Cost Sharing

G. Overhead Rate

In accordance with the Standard Provision entitled "Negotiated Indirect Cost Rates-Provisional", provisional payments on account of allowable indirect costs shall be at the rate(s), on the base(s), and for the period shown below:

<u>Rate</u>	<u>Effective Period</u>	<u>Base of Application</u>
29.33%	Date of Grant until amended	Modified total direct costs excluding cost of goods sold, fixed assets, freight/A.I.D., interest, grants to other organizations and currency conversions.

H. Title to Property

Title to all property financed under this grant shall rest in the Grantee, in accordance with Standard Provision No. 20.

I. Authorized Geographic Code

The authorized geographic code for procurement of goods and services under this grant is Code 000, the United States, or member countries of the Central American Common Market, including the host country, except as A.I.D. may otherwise agree in writing.

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PROGRAM DESCRIPTION

A. Goal of Grant

The project goal is to improve the social and economic conditions of low-income families (children, women and men) in two new impact areas of La Union; and to reinforce the analytical, organizational and operative capacity of community groups/programs in four currently on-going impact areas to assure the sustainability of their development processes achieved to date.

B. Specific Objectives

The objectives of this project are four-fold:

1. To increase real income of targeted households through small enterprise development, improved agricultural yields, introduction of more efficient farm management and marketing practices, access to credit, and promotion of new technologies.
2. To decrease child morbidity and mortality significantly through a comprehensive primary health care program.
3. To increase local access to educational, training and recreational opportunities which encourage people to achieve their full physical and intellectual potential and to be active participants in a democratic process.
4. To create and/or strengthen grassroot organizations that can identify and solve local development problems.

### C. Methodology

The project will carry out a Community Based Integrated Rural Development Strategy (CBIRD) consisting of six major components:

#### 1. Training and Technical Assistance

This component is designed to establish a sequence of learning that creates a multiplier effect. There are four distinct audiences for Save the Children's training and technical assistance: a) the participating community in general; b) selected community members who, as volunteers, have assumed specific responsibilities in their communities; c) technicians and field workers from SCF who in the vast majority are persons from the region; and d) staff of cooperating GOES ministries and local organizations when such training would foster dissemination and replication of the effective actions.

This strategy led to the development of a training capacity within Save the Children during OPG-II. This continuing capacity will be strengthened so that the first three audience levels can be reached over the early years of the program. On-site training activities will serve as the primary vehicle for the provision of technical and methodological inputs to community development activities and institutionalization of organizational structures. The result is a labor intensive program that emphasizes person-to-person contact, skills development and long-term follow-up.

#### 2. Community Organization

Upon beginning activities in a new impact area, informal, temporary committees will be formed around specific project activities. This initial experience provides the opportunity for individuals to come forward and to begin exercising their new found leadership skills. These small groups eventually become incorporated into greater sectoral committees and development councils.

Initially, emphasis will be placed on making contact with existing grass-roots organizations, local committees and groups of people who have a common interest. Together with these groups projects are chosen and implemented in such a manner that organizational and managerial skills are "learned by doing." SCF will develop two lines of actively organizing the community groups, that is, on a sectorial basis and on an integrated community basis.

Once the small sectorially oriented groups are organized around community-sized projects, SCF will help them network with other similar groups to form ad hoc committees of a structured nature that represent an entire municipality or impact area. With the skills and experiences acquired in implementing their projects, these organizations assume a broader role in the dissemination and outreach. SCF will work with these groups to provide training and technical assistance. Finally, experience has shown that these sectorially-oriented groups have the greatest potential for eventually chartering formal grass-root institutions to serve the community.

Simultaneously, SCF promoters will be attentive to the second type of organization, and will assist communities in forming integrated community development committees (CDC). These groups are responsible for planning and coordinating the multi-sectorial development activities for the entire community. Through these CDC, Save the Children carries out the needs assessments, and plans, administers and evaluates the projects implemented in their communities. Moreover, the CDC's and their regional counterparts provide an open forum for religious, municipal, educational and other formal leaders to participate cooperatively and to carry out projects that address common concerns.

### 3. Financial and Material Resources

Save the Children will train and support community committees in the management of all resources to be applied to activities. Resources may be mobilized and managed from three sources: a) outside institutions, b) the community itself; and, c) Save the Children.

Save the Children will play an important initial role in providing liaison to institutions that can offer services and resources. Over time, however, it is expected that the organized communities will contact these institutions directly in order to acquire and manage these resources independently.

A small grant or loan is the mechanism to disburse the resources to start a project. It is understood that management of a fund requires technical assistance and that recapitalization may be required from time to time. As a rule, loans are made to small groups who in turn make loans to individuals. Indeed, access to credit is used as a stimulus to spur the formation of small organizations, though great care is taken to avoid having communities run through the motions of organizing themselves as a means to "receive" a project.

Accountability for the use of financial and material resources is shared, in all cases with the community committees that received the assistance for project-specific purposes. Save the Children field staff, however, are responsible to ensure that all the resources are applied in the most cost-effective manner possible.

4. Project Management

The levels of active involvement and concrete responsibility that a community committee exercises to manage a project is directly related to its maturity level. Save the Children will train communities over time to manage projects. However, the process is gradual and reflects the various maturational stages through which all groups pass.

In the first phase, relatively little cohesiveness exists within the group. Accumulated experience is quite limited and no success has been achieved through goal attainment. A group at this stage has ill-defined objectives and does not identify with other organizations. During this period, the involvement of Save the Children and other change agents is to help clarify priorities, make connections to resources, and provide a high degree of training and technical assistance in procedural matters. Outside efforts should primarily focus on a group confidence-building process.

A second stage of project management readiness is reached when a group has limited but defined objectives that are generally very short term in nature. Previous efforts have afforded opportunities for the committee to achieve modest successes although there still is little group cohesiveness and limited participation from many segments of the community. At this stage, Save the Children will provide a high degree of project specific training and technical assistance. Emphasis is placed on increasing the base of community participation and on securing the material resources required for successful project implementation.

A third stage of group development occurs when the committee has moderately well-defined objectives and has experienced success in project implementation. At this stage, some groups acquire legal status. The committee also demonstrates cohesiveness and an orderly transfer of power and responsibility to new members. A broad base of community participation is present, and the group is involved in a broad scope of activities with a correspondingly increased outreach to the entire community. There is, however, a limited capacity to engage in complex management and evaluation tasks. During this phase, Save the Children will introduce new management, planning and evaluation techniques and will make connections for the group to needed resources in other institutions.

In its final stage of development, the community organization has very well defined objectives and has experienced many successes. A high level of cohesiveness and a broad community base assures continuation of activities. Projects are carried out in an organized multi-sectorial manner and good planning, management, and evaluation techniques are demonstrated. The organization has the capacity to engage in outreach and dissemination beyond the immediate community. Save the Children will play only a peripheral role, if any. All management responsibility falls on the group.

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Save the Children has developed specific instruments for community members to use in project management. The agency has created, in essence, a simple system of project plans and community books for managing project resources. Communities will be responsible for these controls and will prepare, on a monthly basis, a project expense and status report. These project plans and approvals will be part of each community group's training for project management. They will be also the vehicle through which community-identified projects will be funded. Finally, and most importantly, communities that are cohesive and have well defined objectives will be encouraged to participate in the preparation of annual implementation plans as well as frequent internal and external evaluations.

Once again, throughout this process SCF will emphasize the transient nature of its presence in the community. The object of helping community groups follow the curriculum of organizational maturity is to prepare them for an interdependent and a continuing functional role after SCF has left the impact area.

5. Phase-up/Phase-over

The process of phase-up is necessary for Save the Children to establish full programmatic presence in an impact area. During this stage, SCF will rent offices, purchase vehicles, hire and train staff, conduct the baseline surveys, and a five year plan will be developed in coordination with the community. The process takes approximately six months, which means that SCF full programmatic activity will begin in January of 1990 for Impact Area No.6, and July 1990 for Impact Area No.7.

During the phase-over stage, SCF will retain a minimal support staff of three persons for a one-year period to provide technical support to the programs and liaison with other development resources, utilizing a strategy that will enhance the sustainability and long-term effectiveness of these programs.

Save the Children is scheduled to begin phase over Impact Area No.1, El Sauce and Concepción de Oriente, at the time the El Carpintero-El Sauce potable water project is completed. As currently planned that is in October 1989. At that point, SCF will withdraw most of its personnel and materiel (the better elements of which would be transferred to the new impact areas). SCF will have left behind two legally incorporated grass-roots organizations which are ARCESAM (Asociación Regional Carpintero-El Sauce de Ayuda Mutua) for managing the water system, and Asociación Cooperativa de Producción Agropecuaria, de Ahorro, Crédito y Consumo "La Oriental" de R.L., the regional agricultural cooperative, in addition to two projects that will need follow-up attention which are the New School program in El Sauce, and a loose grouping of 15 community banks.

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The case of Impact Area No.3 is essentially the same as Area No.1 with the exception that the only programs to receive follow-up support will be the New School program in Pavana and the community banks. SCF will withdraw completely from Area No.1 by December 1990 and from Area No.3 by December 1991.

#### 6. Outreach and Dissemination

A comprehensive design to promote diffusion and replication of the CBIRD model's sector strategies addresses three target audiences. Community people, the program's primary beneficiaries, are the first audience. They become part of a process of face-to-face contact maintained at the individual and group level. Both field staff and community leaders are the primary agents of dissemination to this audience. The idea is for participating community leaders to actively reach out to non-participants within the community.

A second target audience is the adjacent or nearby communities where news of the activity in the impact area communities has reached. The introduction of mass media approaches such as posters, radio and newsletters can be helpful to reach this audience, but most effective are the face-to-face and group-to-group exchanges that occur in daily life. Of course, both trained community leaders and field office staff also are useful in reaching this audience. It should be noted that the choice of impact areas No.6 and No.7 was partially influenced by communities neighboring the current impact areas that requested SCF programs like those they had seen or heard about.

The final target audience is composed of institutions with the potential for replicating the different aspects of the sector strategies. These agencies are best reached through published reports, and related documentation, site visits, training activities, professional conferences and seminars. Decision-makers within potential replicating institutions are best reached by impact area and UCAT field office staff in a peer-to-peer manner, focused on the creation of counterpart relationships.

#### D. Sectoral Activities

Within the CBIRD framework, the Grant will support a series of projects in five activity sectors. Illustrative of the projects which may be developed and supported are (a) Public Works (bridges, schools, potable water systems, rural access roads, improvement of recreational facilities, flood control and irrigation dams, markets); (b) Agricultural Production (solidarity credit groups, demonstration centers, training and support for volunteer agricultural leaders, soil/water/fertility conservation, organic farming, home and school gardens, irrigation, produce storage and marketing, animal husbandry and veterinary services); (c) Education (the New School Program

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to include: production and field testing of appropriate materials; training of teachers; provision of libraries; improvements in school buildings and classrooms; encouragement of formation of student governments. Adult Education to include: Literacy, numeracy and skills training, workshops on democratic processes and political awareness); (d) Health/Nutrition (training of volunteer health guides, community wells, potable water systems, latrines, family gardens, midwives training, communal dispensaries, public washing facilities and environmental sanitation campaigns); (d) Industry/Commerce (grain drying, storage and commercialization, pottery/ceramics, grass/hemp/bamboo products, dairy products, animal feed processing, blacksmith shops, food conservation or production and leather goods).

#### E. End of Project Status

As a result of activities implemented under this Grant, the following conditions are expected to exist at the end of the project:

1. 3,500 small-scale farmers will achieve increases in production and/or real income through credit and/or technical assistance in one or more of the following areas: a) Basic grain production, b) Animal husbandry, c) Credit administration, d) Crop storage and marketing, e) Resources conservation, f) Irrigation, g) Crop diversification and h) Development of new small scale enterprises.
2. 1,500 village families will have been reached through a comprehensive primary health care program based on a system that encourages community acceptance of ten behaviors to raise child survival rates. The program will include the following elements: oral rehydration, family register, family planning, breast feeding, clean/potable water, growth monitoring, vaccination, basic medicine attention, environmental sanitation and latrine construction.
3. Community access to educational opportunities will be increased through programs that introduce the Active School Methodology to five additional school districts plus one education circle and parent committee per community. In addition 100 teachers will be trained, innovative and appropriate packages of educational materials will be available, and school attendance will be increased.
4. The capacity of the community development councils and the sectorally focussed project committees will be actively involved in planning, implementation and evaluation of development projects that improve local social and economic conditions.

## ILLUSTRATIVE FINANCIAL PLAN

	FIRST YEAR				SECOND YEAR				THIRD YEAR			
	A I D	S C F	COMM.	OTHER	A I D	S C F	COMM.	OTHER	A I D	S C F	COMM.	OTHER
<b>FIELD OFFICE SERVICES</b>	\$272,100	\$72,600	\$0	\$0	\$300,000	\$78,700	\$0	\$0	\$326,000	\$84,800	\$0	\$0
Personnel	224,100	59,600			246,000	65,000			270,000	71,000		
Travel	15,000	3,000			19,000	3,400			19,000	3,800		
Other Expenses	33,000	7,500			35,000	7,800			37,000	8,000		
F.O. Depreciation		2,500				2,500				2,000		
<b>DIRECT AID</b>	\$989,000	\$121,300	\$280,000	\$230,000	\$1,125,000	\$111,800	\$370,000	\$250,000	\$1,069,000	\$105,300	\$340,000	\$230,000
Consultants/T.A.	18,000	2,000			18,000	2,000			15,000	2,000		
Training	18,000	2,000			20,000	3,000			20,000	3,000		
I.A. Personnel	290,000	50,000			305,000	55,000			259,000	60,000		
Project Fund	555,000	58,000	280,000	230,000	660,000	42,200	370,000	250,000	665,000	30,000	340,000	230,000
Evaluation					40,000				40,000			
I.A. Travel	16,000	2,300			14,000	2,400			14,000	2,600		
Other I.A. Exp.	92,000	7,000			68,000	7,200			56,000	7,700		
<b>OVERHEAD (10 %)</b>	\$126,110				\$142,500				\$139,500			
<b>CAPITAL ASSETS</b>	\$120,000				\$5,000				\$45,000			
<b>GRAND TOTAL</b>	\$1,507,210	\$193,900	\$280,000	\$230,000	\$1,572,500	\$190,500	\$370,000	\$250,000	\$1,579,500	\$190,100	\$340,000	\$230,000

## SUMMARY

AID	\$7,296,210.00	67.9%	CONTINGENCY	\$3,790.00
SCF	\$953,300.00	8.9%		
COMM.	\$1,500,000.00	14.0%		
OTHER	\$1,000,000.00	9.3%		
	<b>\$10,749,510.00</b>	<b>100.0%</b>		

	FOURTH YEAR				FIFTH YEAR				TOTAL FIVE YEARS PLAN				GRAND TOTAL	
	A I D	S C F	COMM.	OTHR	A I D	S C F	COMM.	OTHR	A I D	S C F	COMM.	OTHR		
<b>FIELD OFFICE SERVICES</b>	\$305,000	\$90,800	\$0	\$0	\$304,000	\$95,300	\$0	\$0	\$1,507,100	\$422,200	\$0	\$0	\$1,929,300	17.95%
Personnel	243,000	77,000			236,000	82,000			1,219,100	354,600			1,573,700	
Travel	20,000	3,800			21,000	3,800			94,000	17,800			111,800	
Other Expenses	42,000	8,000			47,000	8,000			194,000	39,300			233,300	
F.O. Depreciation		2,000				1,500			0	10,500			10,500	
<b>DIRECT AID</b>	\$967,000	\$98,600	\$285,000	\$215,000	\$744,000	\$94,100	\$225,000	\$75,000	\$4,894,000	\$531,100	\$1,500,000	\$1,000,000	\$7,925,100	73.73%
Consultants/T.A.	14,000	2,000			15,000	2,000			\$80,000	\$10,000			90,000	
Training	20,000	3,000			15,000	3,000			\$93,000	\$14,000			107,000	
I.A. Personnel	250,000	49,300			180,000	42,500			\$1,284,000	\$256,800			1,540,800	
Project Fund Evaluation	615,000	34,000	285,000	215,000	424,000	38,000	225,000	75,000	\$2,919,000	\$202,200	\$1,500,000	\$1,000,000	5,621,200	
I.A. Travel	14,000	2,600			50,000				\$130,000	\$0			130,000	
Other I.A. Exp.	54,000	7,700			15,000	2,200			\$73,000	\$12,100			85,100	
					45,000	6,400			\$315,000	\$36,000			351,000	
<b>OVERHEAD (10 %)</b>	\$127,200				\$104,800				\$640,110				\$640,110	5.95%
<b>CAPITAL ASSETS</b>	\$60,000				\$25,000				\$255,000	\$0	\$0	\$0	\$255,000	2.37%
<b>GRAND TOTAL</b>	\$1,459,200	\$189,400	\$285,000	\$215,000	\$1,177,800	\$189,400	\$225,000	\$75,000	\$7,296,210	\$953,300	\$1,500,000	\$1,000,000	\$10,749,510	100%