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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.

20 August 1992

Peter Reitz  
Executive Director  
Pan American Development Foundation  
1889 F St., N.W.  
Washington, D.C. 20006-4499

SUBJECT: Cooperative Agreement No. 519-0400-A-00-2144-00

Dear Mr. Reitz:

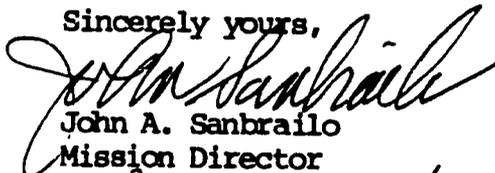
Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, and the Federal Grant and Cooperative Agreement Act of 1977 (P.L. 95-224), the Agency for International Development (hereinafter referred to as A.I.D.) hereby grants to the Pan American Development Foundation (hereinafter referred to as PADF or "Recipient"), under this Cooperative Agreement the sum of \$2,000,000 for Salvadoran environmental NGO strengthening.

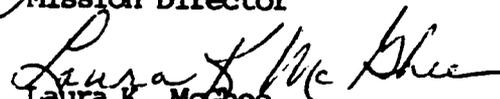
This Cooperative Agreement is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Recipient in furtherance of project objectives during the period beginning as of the date of this letter and ending February 28, 1995.

This Cooperative Agreement is made with PADF on the condition that the funds be administered in accordance with the terms and conditions set forth in Attachment 1, entitled Schedule, Attachment 2, entitled Project Description, and Attachment 3, entitled Standard Provisions, which have been agreed to by your organization.

Please sign the original and two (2) copies of this letter to acknowledge your receipt of the Cooperative Agreement, and return the original and one copy to USAID/El Salvador.

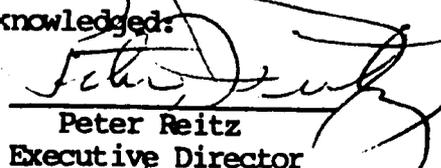
Sincerely yours,

  
John A. Sanbrailo  
Mission Director

  
Laura K. McGhee  
Agreement Officer

Acknowledged:

By

  
Peter Reitz  
Executive Director

Date:

8/20/92

SCHEDULE

**A. PURPOSE OF THE COOPERATIVE AGREEMENT**

The purpose of this Cooperative Agreement is to provide assistance to Salvadoran environmental non-governmental organizations in becoming self-sustaining advocates for natural resource management.

**B. PERIOD OF COOPERATIVE AGREEMENT**

1. The effective date of this Cooperative Agreement is the date of the covering letter. The expiration date of this Cooperative Agreement is February 28, 1995.

2. Funds obligated hereunder are available for project expenditures for the estimated period shown in B.1 above and as shown in the Illustrative Financial Plan below.

**C. AMOUNT OF COOPERATIVE AGREEMENT AND PAYMENTS**

1. The total estimated amount of this Cooperative Agreement for the period shown in B.1 above is \$2,000,000.

2. A.I.D. hereby obligates the amount of \$2,000,000 for project expenditures as shown in the Illustrative Financial Plan below.

3. Payment shall be made to the Recipient in accordance with the procedures set forth in Optional Standard Provision No. 1, entitled "Payment-Letter of Credit" of Attachment 3, Standard Provisions for U.S. Grantees and U.S. Sub-Grantees.

**D. FINANCIAL PLAN**

1. The Financial Plan for the Cooperative Agreement is presented below. Reprogramming of funds between line items of the Financial Plan will be permitted up to 15% of the programmed amounts without modifying the Financial Plan. Any reprogramming which exceeds 15% will require a written request from PADE and A.I.D. approval.

2. Local Cost Financing

In accordance with the Optional Standard Provision entitled "Local Cost Financing", local currency costs are authorized up to the equivalent of \$1,291,280 for local administrative expenses, as shown in the Financial Plan. Dollar costs of the Cooperative Agreement are estimated at \$848,720.

**E. A.I.D. INVOLVEMENT**

USAID/El Salvador will participate in the activities under this Cooperative Agreement in the following manner:

1. A.I.D. will review and approve PADF's annual workplans.
2. A.I.D. will approve criteria for NGO selection for Operational Strengthening Subgrants. A.I.D. will also approve criteria for renewal of Subgrants in Year 2, as well as the criteria for selection of Small Activity Grants.

**F. REPORTING AND EVALUATION**

1. Financial Status Reports. The financial reporting requirements are detailed in Optional Standard Provision No. 1, "Payment-Letter of Credit" of the attached Standard Provisions. In accordance with this provision, the financial reports entitles "Financial Status Report," SF-269, and "Federal Cash Transaction Report," SF-272, shall be submitted to A.I.D. on a quarterly basis.

2. Quarterly List of Training Activities.

On a quarterly basis the Recipient shall submit to USAID's Office of Agriculture and Natural Resources a list of the technical assistance provided to Sub-recipients. The list will be used to monitor Project implementation as described in E. above.

3. PADF and Sub-grantee Workplans, Reports, and Reviews.

The Recipient will provide USAID copies of Recipient and Subrecipient annual workplans, as well as all Project reports and reviews.

4. Project Progress Reports

The Recipient shall monitor performance under the Cooperative Agreement and ensure that time schedules are being met, projected work units by time periods are being accomplished, and other performance goals are being achieved. The Recipient shall submit annual technical performance reports to USAID that present the following information for each activity under the Cooperative Agreement:

- a. A complete list of technical assistance projects approved, underway, and completed. This list should include, whether on an estimated or actual basis, the beginning dates, completion dates, and duration of technical assistance;
- b. List of goals accomplished, or why established goals were not met;

- c. An analysis of the extent to which technical assistance rendered meets the objectives established in Attachment 2, Project Description.

The Recipient shall submit the annual reports to USAID/El Salvador's Agriculture and Natural Resources Office. If any performance review conducted by PADF discloses the need for change in the budget estimates, in accordance with the criteria established in Mandatory Standard Provision No. 4, entitled "Revision of Grant Budget," of Attachment 3, Standard Provisions, PADF shall submit a request for budget revision.

#### 5. Project Evaluation

After the twenty-fourth month of the Project an End of Project evaluation will be contracted by USAID/El Salvador, with Grant funds. PADF will cooperate to the fullest extent possible in conducting this evaluation.

#### G. SPECIAL PROVISIONS

1. Prior to the disbursement of funds by A.I.D. to PADF or to the issuance by A.I.D. of documentation pursuant to which disbursements will be made, the Recipient will, except as A.I.D. may otherwise agree in writing, provide:
  - a. A statement of the name of the person empowered in PADF to receive the funds provided under this Cooperative Agreement and of any additional representatives, together with a specimen signature of each person so designated;
  - b. Evidence that PADF has established a bank account in El Salvador to control the receipt and disbursement of the Cooperative Agreement funds, including the complete account number and name.
2. PADF covenants to pay no more than reasonable prices for any goods and services financed in whole or in part under this Cooperative Agreement. Such items will be procured by employing fair and good commercial practices to assure the most effective use of funds provided.
3. PADF covenants to comply with the criteria for A.I.D.-financed sub-projects as established in Attachment 2, Project Description, to the Cooperative Agreement, unless A.I.D. otherwise agrees in writing.
4. PADF shall maintain a drug-free workplace in compliance with the certification provided to A.I.D. on August 4, 1992. Violations of the requirements to maintain a drug-free workplace may subject the Recipient to suspension of disbursements, termination or suspension of this Cooperative Agreement, ineligibility to receive further Cooperative Agreement assistance and such other remedies as A.I.D. may consider appropriate. Violations include the failure to comply with the certification presentation or 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 Recipient has failed to make a good faith effort to provide a drug-free workplace.

5. For activities carried out under this Cooperative Agreement, the Recipient agrees to expend an amount at least equal to \$140,000 from non-Federal funds.

6. U.S. and third country citizen employees of the Recipient, as well as the U.S. and third country citizen employees of its subgrantees or subcontractors, who are working in El Salvador under the Cooperative Agreement, will have access to the commissary operated by the American Employees Association in El Salvador in accordance with the policies of the Department of State and the U.S. Embassy/El Salvador.

7. Pursuant to the Optional Standard Provision entitled, "Air Travel and Transportation," appended to this Agreement, the Recipient is required to present to the A.I.D. Project Officer for written approval an itinerary for each planned international trip financed by this Agreement, which shows the name of the traveler, purpose of the trip, origin/destination (and intervening stops), and dates of travel, as far in advance of the travel as possible, but in no event less than three weeks before travel is planned to commence. At least one week prior to commencement of approved international travel, the Recipient shall notify the cognizant Mission, with a copy to the Project Officer, of planned travel, identifying the travelers, flight numbers, and the dates and times of arrival.

The Recipient's Annual Implementation Plan should, to the extent practical, provide the above information for all planned international travel financed under the agreement, thereby facilitating A.I.D.'s review and approval. Thereafter, any international travel not included in these annual plans will require separate and advance notification and approval of the A.I.D. Project Officer, pursuant to instructions in the previous paragraph.

8. PADF shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by A.I.D. PADF further agrees that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion--Lower Tier Covered Transaction," which will be provided by A.I.D., without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

#### **H. TITLE TO PROPERTY**

Conditions governing title to property financed under the Cooperative Agreement are as set forth in Optional Standard Provision No. 20, "Title to and Use of Property" (Grantee Title).

**I. AUTHORIZED GEOGRAPHIC CODE**

The authorized geographic code for procurement of goods and services under this Cooperative Agreement in Code 000, the United States, except as A.I.D. may otherwise agree in writing.

**J. OVERHEAD**

Pursuant to the Standard Provision of the cooperative agreement entitled, "Negotiated Indirect Cost Rates-Provisional", a rate or rates shall be established for each of the Recipient's accounting periods during the term of the cooperative agreement. Payments for allowable indirect costs shall be made on the basis of the following negotiated provisional rates applied to the base which is set forth below:

Rate: 24%

Period: 10/01/90 until amended

Base: Total program expenses and resource development expenses less A.I.D. shipping and subsidy costs

**K. AUDITS**

1. The Recipient will maintain books, records, documents, and other evidence relating to the Project in accordance with generally accepted accounting principles formally prescribed by the USG to sufficiently substantiate charges to the grant, including in-kind contributions from both PADP and sub-recipients. Accounting records that are supported by documentation will as a minimum be adequate to show all costs incurred under the grant, receipt and use of goods and services acquired under the grant, cost of the program supplied from other sources, and the overall progress of the program. The grantee and subgrantee records which pertain to the project shall be retained for a period of three years from the date of expiration of the grant and may be audited by AID and/or its representative. The grantee must insert this paragraph in all subgrants in excess of \$10,000.

2. The Recipient shall have recipient contracted audits. The annual financial audits shall be performed in accordance with IG/A/FA guidelines and in accordance with generally accepted government audit standards (GAAS) issued by the Comptroller General of the United States.

3. The Recipient shall contract its audit such that the audit report be submitted to IG/A/FA within 30 days after the completion of the audit, but the audit shall be completed and the report submitted not later than 13 months after the close of the Recipient's fiscal year. The IG/A/FA will review the audit reports to determine whether they comply with the audit requirement of the grant. No audit costs may be charged to the grant if the audit has not been made in accordance with the terms of this provision. In cases of continued inability or unwillingness to have an audit performed in accordance with the terms of this provision, AID will consider appropriate sanctions which may include suspension of all or a percentage of disbursements until the audit is satisfactorily completed.

4. The Recipient will require subgrantees that receive \$25,000 or more per year under this grant to have audits performed in accordance with the requirements of this provision. The subgrantee's audit reports shall be submitted to the grantee within 30 days after the completion of the audit, but the audit shall be completed and the report submitted not later than 13 months after the close of the subgrantee's fiscal year end. The grantee shall ensure that appropriate corrective actions are taken on the recommendation contained in the subgrantees' audit reports; consider whether subgrantees necessitate adjustment of its own records; and require each subgrantee to permit the recipient, AID, or their duly authorized representative (independent auditors) to have access to any books, documents, papers and records which are directly pertinent to the specific program for the purpose of making audits, examinations, excerpts, and transcriptions. The cost of such audits shall be budgeted for in the respective subgrants.

5. The Recipient will have local audits or financial reviews of the funds under this grant as deemed necessary by the AID technical office. Should local audits be required by USAID/El Salvador, they will be performed using the "Guidelines for Financial Audits Contracted by Foreign Recipients" as a guide; the audit will be contracted by the grantee, using a standard scope of work provided by the USAID/El Salvador Controller's Office Audit Liaison Division. USAID/El Salvador shall participate in the audit as deemed necessary; e.g. representatives will attend entrance and exit conferences and will review draft audit reports. Should local financial reviews be required by USAID/El Salvador, they may be contracted by either the grantee or USAID/El Salvador.

**L. APPLICABLE STANDARD PROVISIONS**

Those standard provisions which have been checked are included physically within this Cooperative Agreement:

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|--|-------------------|
| 1. Payment— Letter of Credit                           | <u>    X    </u>  |
| 2. Payment— Periodic Advance                           | <u>          </u> |
| 3. Payment— Cost Reimbursement                         | <u>          </u> |
| 4. Air Travel and Transportation                       | <u>    X    </u>  |
| 5. Ocean Shipment of Goods                             | <u>    X    </u>  |
| 6. Procurement of Goods and Services                   | <u>    X    </u>  |
| 7. A.I.D. Eligibility Rules for Goods and Services     | <u>    X    </u>  |
| 8. Subagreements                                       | <u>    X    </u>  |
| 9. Local Cost Financing                                | <u>    X    </u>  |
| 10. Patent Rights                                      | <u>          </u> |
| 11. Publications                                       | <u>          </u> |
| 12. Negotiated Indirect Cost Rates—Predetermined       | <u>          </u> |
| 13. Negotiated Indirect Cost Rates—Provisional         | <u>    X    </u>  |
| 14. Regulations Governing Employees                    | <u>          </u> |
| 15. Participant Training                               | <u>          </u> |
| 16. Voluntary Population Planning                      | <u>          </u> |
| 17. Protection of the Individual as a Research Subject | <u>          </u> |

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| 18. Care of Laboratory Animals                                   | _____        |
| 19. Government Furnished Excess Personal<br>Property             | _____        |
| 20. Title to and Use of Property(Grantee Title)                  | <u>  X  </u> |
| 21. Title to and Care of Property<br>(U.S. Government Title)     | _____        |
| 22. Title to and Care of Property<br>(Cooperating Country Title) | _____        |
| 23. Cost Sharing (Matching)                                      | <u>  X  </u> |
| 24. Use of Pouch Facilities                                      | <u>  X  </u> |
| 25. Conversion of United States Dollars<br>to Local Currency     | <u>  X  </u> |

ILLUSTRATIVE FINANCIAL PLAN IN US \$

	<u>AID Funded</u>		<u>PADF Funded</u>	
	FX	LC	FX	LC
Administrative Costs	\$757,580	\$532,966	\$21,140	\$58,314
Subgrants				
—Operational Grants		\$540,000	\$0	\$0
—Small Activity Grants		\$99,454		\$60,546
Evaluation	\$40,000			
Audit	\$30,000			
Sub Total	\$827,580	\$1,172,420	\$21,140	\$118,860
Total	A.I.D. Funded: <u>\$2,000,000</u>		PADF Funded: <u>\$140,000</u>	

(Note: PADF will provide \$15,000 worth of in-kind contribution, and the beneficiary NGOs are expected to provide in-kind worth \$1.033 million, bringing the Project total to over \$3 million.)

FISCAL DATA

Project No. : 519-0400  
Total Est Amt : \$2,000,000  
Total Oblig Amt : \$2,000,000  
Appropriation : 72-112/31021  
Budget Plan Code : LIN2-92-25519-KG13 \$2,000,000  
DUNS No. : 077811172  
Employer ID No : 52 6054268

**AMPLIFIED PROJECT DESCRIPTION**

I. **TITLE:** Salvadoran Environmental Non-Governmental Organization Strengthening

II. **PROJECT GOAL AND PURPOSE**

The Project Goal is to protect and promote sustainable use of El Salvador's natural resources. The Project Purpose is to strengthen Salvadoran environmental NGOs to be self-sustaining advocates for natural resource management. By the end of the Project, Salvadoran environmental organizations will have operating planning systems, trained boards and staff, functioning administrative systems, active fundraising strategies, and demonstrable technical expertise in one or more areas of specialization.

III. **PROJECT ACTIVITIES**

During the first six months of the Project, a preliminary group of up to twenty environmental NGOs will be invited to workshops on options for institutional improvement and strategies for making their efforts more effective. They will be assisted in developing action plans, as well as in examining the characteristics of a strong, sustainable organization, including management structure, fundraising, board leadership, and technical specialization.

The Project will then entertain proposals for up to eight Operational Strengthening Subgrants responsive to predetermined selection criteria. These Operational Strengthening Subgrants will be renewable for a second year on the basis of performance, and the NGOs' demonstrated achievement in covering a higher percentage of recurring costs from non-Project funds. Activities undertaken through institutional strengthening will include strategic planning, workplan and budget preparation, board leadership, membership development, project implementation, and specialized technical development.

The Project will also provide small, competitively awarded, Special Activities Grants for specific short-term projects designed to strengthen the same pool of environmental NGOs in project identification, design, and implementation. Approximately twenty Small Activity Grants will be awarded, averaging \$8,000 each, to take place throughout El Salvador in areas of natural resource management such as forestry, soil conservation, biodiversity, and park management.

By the end of the Project, environmental NGOs in El Salvador will have trained boards and staff, functioning planning and administrative systems, fundraising strategies, and hands-on experience in the implementation of small natural resources projects. Up to eight ENGOS will have a track record demonstrating their private sector environmental leadership and the potential for their long range institutional sustainability. The participating ENGOS will be perceived by the environmental community as credible advocates of one or more environmental issues as represented by their impact on community consciousness raising and natural resource policy. The participating ENGOS will have established linkages with SEMA/CONAMA, other Salvadoran NGOs working in natural resource management, appropriate government institutions, and international environmental NGOs.

#### IV. PROJECT IMPLEMENTATION, MONITORING, AND EVALUATION

##### A. Project Implementation

The Project will work with NGOs that classify themselves as national-level environmental NGOs. Participants will be NGOs which aspire to expand their technical capabilities and structures to become more influential in Salvadoran natural resource policy and management. Emphasis will be placed on environmental NGOs with some experience and roots in order to enhance the prospects for sustained viability as a result of the thirty-month strengthening effort. The Project will promote mergers and the development of consortia among complementary NGOS to maximize the effectiveness of the limited number of Salvadoran leaders likely to actively support natural resource issues.

The Project is organized into two components: Technical Assistance & Training; and Grants Management and Administration.

##### 1. Technical Assistance and Training

The Technical Assistance and Training Component will be responsible for all project outputs except evaluations, and is the principal contact point between the NGOs and the Project during the selection process and throughout the strengthening period. It will have a team including the Chief of Party and two local-hire specialists in Fundraising/Membership Development and Finance. This component will prepare training materials as well as schedule and conduct all training sessions. This Component will be charged with developing and monitoring the Project's training plan.

## 2. Grants Management and Administration

The Grants Management and Administration Component will monitor the finances of the Operational Strengthening Subgrants and play a significant role in management of the Small Activity Grants. The Component will assure compliance with the terms of the individual contracts and contracting policies and procedures, as well as manage the Project's finances and commodity procurement. This component will also perform the Project reporting and evaluation functions (except for the End of Project evaluation to be contracted by A.I.D.). The Component will be staffed by a local-hire professional and accounting assistant.

### B. Monitoring and Evaluation

Monitoring and evaluation activities will be an integral part of the Project's operations from the beginning. Monitoring and evaluation indicators will be applied to the five Project outputs in order to measure Project impact of the institutional strengthening of the participating NGOs Subgrantees.

A base-line analysis of NGO institutional development and maturity will be conducted by PADF within the first four months of the Project to establish the status of each institution. Internal evaluations of Project implementation will be conducted annually, focussing on process, i.e., the steps taken to achieve End-of-Project status.

At the end of the second year, A.I.D. will contract, with Grant funds, an End-of-Project evaluation. This evaluation will examine the validity of the Project strategy for accomplishing the Project's purpose plus the accomplishment of planned outputs. It will focus less on process and more on whether or not the Project is achieving its overall purpose, i.e. strengthening Salvadoran environmental NGOs to be self-sustaining advocates of natural resource management. The evaluation will also explore linkages of this Project to the USAID ANR portfolio and its contribution to the USAID strategic objectives as presented in the Program Objectives Document.

### C. Audit and Other Financial Management Issues

The total cost of the Salvadoran Environmental Non-Governmental Organization Strengthening Project is \$3,188,000, of which USAID will contribute \$2,000,000 in grant funds and the Pan American Development Foundation \$140,000 in cash contribution. PADF will also contribute \$15,000 of in-kind resources. In-kind counterpart valued at \$1,033,000 is also expected from the beneficiary environmental NGOs participating in the Project.

Annual recurrent costs for the environmental NGOs which receive assistance under the Project include maintenance of equipment furnished under the Project, personnel costs, and the cost of continued program activities under their projects initiated under the Small Activity Grants. PADF will conduct the Project in a manner which enables the NGOs to continue and expand

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their operations beyond the PACD with income generated from their fundraising training.

PADF will have audits made of the funds provided under the Project and of the financial statements of the organization as a whole. The audit will be performed under the annual world-wide audit program managed by the IG/A/FA (monitored by FA/OP in Washington, D.C.). PADF will contract the audit firm. The audit will be performed in accordance with IG/A/FA guidelines and in accordance with Generally Accepted Government Auditing Standards (GAAS) issued by the Comptroller General of the United States. Additionally, should PADF award any subgrants in excess of \$25,000 to Foreign Private Voluntary Organizations, these subagreements should require the recipients to provide PADF with an annual audited financial statement. PADF may use AID's "Guidelines for Financial Audits Contracted by Foreign Recipients" as a guide.

In accordance with OMB Circular A-133, paragraph 6C, USAID/E1 Salvador may request that periodic project specific audits be performed under the guidelines of AID's Regional Inspector General's Non-Federal Audit Program. The cost of such audits, should they be performed, will be charged to this Cooperative Agreement.

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