

PD ABI-769

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A.I.D. Project No. 696-0136
Appropriation: 72-112/31014
Budget Plan Code: GSS2-92-21696-KG13
Allowance: 281-50-696-00,69-21
Reservation Control Number: R922039
Amount: US\$ 7,500,000
Project Grant Agreement No. 696-0136-G-SS-2005-00

FUNDS AVAILABLE
OFFICE OF THE CONTROLLER
USAID/RWANDA
DATE 08/28/92 CM

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PROJECT GRANT AGREEMENT
BETWEEN
THE REPUBLIC OF RWANDA
AND
THE UNITED STATES OF AMERICA
FOR
PRIVATE VOLUNTARY ORGANIZATION
SUPPORT PROJECT ("PVO")

DATED: AUG 31 1992

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PROJECT GRANT AGREEMENT
FOR
PRIVATE VOLUNTARY ORGANIZATION SUPPORT

Dated: AUG 31 1992

Between

The Republic of Rwanda ("Grantee")

and

The United States of America, acting through the
Agency for International Development ("A.I.D.")

ARTICLE 1: The Agreement

The purpose of this Agreement is to set out the understandings of the parties named above ("Parties") with respect to the undertaking by the Grantee of the Project described below, and with respect to the financing of the Project by the Parties.

ARTICLE 2: The Project

Section 2.1. Definition of Project

The Project will strengthen the capacity of private voluntary organizations/non-governmental organizations (PVOs/NGOs) to provide Rwandan small businesses, cooperatives, and associations with financial and business services.

The goal of the project is to increase commercial output and employment by medium and smaller scale enterprises, cooperatives, and associations in Rwanda's non-farm sectors. This will be accomplished by increasing the business services available to and the business skills of the private sector (particularly in small and medium-scale enterprises, cooperatives, and associations) to help them take advantage of the new opportunities created by the Government of Rwanda's on-going structural adjustment program.

The Project will expand the overall number of PVOs/NGOs working in enterprise, cooperative, and association development programs undertaking income-generating activities and help increase the impact of their programs. The institutional strengthening for Rwandan NGOs is to be accomplished through a combination of technical assistance and training, and funds to finance specific activities proposed by the NGOs/PVOs.

Annex 1 to this Agreement, attached, amplifies the above definition of the Project. Within the limits of the above definition of the Project and the financing specified in Section 3.1, elements of the amplified description and financial plan provided in Annex 1 may be changed by written agreement of the authorized representatives of the Parties named in Section 8.2., without formal amendment to this Agreement.

Section 2.2. Incremental Nature of Project

- (a) A.I.D.'s contribution to the Project will be provided in increments, the initial one being made available in accordance with Section 3.1 of this Agreement. Subsequent increments will be subject to 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.
- (b) Within the limit of the overall Project Assistance Completion Date (PACD) stated in this Agreement, A.I.D., based upon consultation with the Grantee, may specify in Project Implementation Letters appropriate time periods for the utilization of funds granted by A.I.D. under each individual increment of assistance.

ARTICLE 3: Financing

Section 3.1. The Grant

To assist the Grantee to meet the costs of carrying out the Project, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant the Grantee under the terms of this Agreement an amount not to exceed Seven Million Five Hundred Thousand United States ("U.S.") Dollars (\$7,500,000) ("The Grant").

The Grant may be used to finance foreign exchange costs, as defined in Section 6.1, and local currency costs as defined in Section 6.2, of goods and services required by the Project.

Section 3.2. Grantee's Contribution to the Project

The Grantee will provide, on an in-kind basis, the salaries of the Ministry of Plan staff members who will:

- (1) participate in the selection of the U.S. PVO which will be the Project's implementing agent (Cooperative Agreement Recipient - CAR);
- (2) serve as the Chair of the Project Consultative Committee (the specific responsibilities this entails have been detailed in the Project Consultative Committee section in Annex 1).
- (3) participate in the review and approval of the Life of Project Workplan and each Annual Workplan; and,
- (4) participate in developing scopes of work for project evaluations.

Section 3.3. Project Assistance Completion Date

- (a) The Project Assistance Completion Date (PACD), which is September 30, 1998, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all services financed under the Grant will have been performed and all goods financed under the Grant will have been furnished for the Project as contemplated in this Agreement.
- (b) Except as A.I.D. may otherwise agree in writing, A.I.D. will not issue or approve documentation which would authorize disbursement of the Grant for services performed or for goods furnished for the Project, as contemplated in this Agreement, subsequent to the PACD.
- (c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, are to be received by A.I.D. or any bank described in Section 7.1 no later than nine (9) months following the PACD, or such other period as A.I.D. may agree to in writing. After such period, A.I.D., giving notice in writing to the Grantee, may at any time or times reduce the amount of the Grant by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of said period.

ARTICLE 4: Conditions Precedent

Section 4.1. Condition Precedent To First Disbursement

Prior to the first disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which such disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (a) A statement of the names of the persons holding or acting in the office of the Grantee specified in Section 8.2. and of any additional representatives, together with a specimen signature of each person specified in such statement;
- (b) A document acceptable to A.I.D. that designates by name the person at the Ministry of Plan who will be the Government of Rwanda Project counterpart.

Section 4.2. Notification.

When A.I.D. has determined that the Condition Precedent specified in Sections 4.1. has been met, A.I.D. will promptly notify the Grantee.

Section 4.3. Terminal Dates for Satisfaction of Condition Precedent

If the condition specified in Section 4.1. has not been met within ninety (90) days from the date of this Agreement, or such

later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to the Grantee.

ARTICLE 5: Special Covenants

The Parties agree to establish an evaluation program as part of the Project. Except as the Parties otherwise agree in writing, the program will include, during the implementation of the Project and at one or more points thereafter:

- (a) evaluation of progress towards attainment of the objectives of the Project;
- (b) identification and evaluation of problem areas or constraints which may inhibit such attainment;
- (c) assessment of how such information may be used to help overcome such problems; and
- (d) evaluation, to the degree feasible, of the overall development impact of the Project.

ARTICLE 6: Procurement Source

Section 6.1. Foreign Exchange Costs

Except as A.I.D. may otherwise agree in writing, disbursements pursuant to Section 7.1 will be used exclusively as follows:

- (a) to finance the costs of goods and services required for the Project having, with respect to goods, their source and origin, and with respect to suppliers of goods and services, their nationality in Code 935 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods or services ("Foreign Exchange Costs"), except as A.I.D. may otherwise agree in writing, and except as provided in the Project Grant Standard Provisions Annex II, Section C.1.(b) with respect to marine insurance. All reasonable efforts will be made to maximize U.S. procurement whenever practicable. Air travel and transportation to and from the U.S. shall be upon certified U.S. flag carriers to the extent possible.
- (b) to finance ocean transportation costs under the Grant only on vessels under flag register of the countries included in A.I.D. Geographic Code 935 and the cooperating country subject to the requirement that at least 50 percent of the gross tonnage of the cargo shipped be on vessels of U.S. flag registry, except as A.I.D. may otherwise agree in writing.

Section 6.2. Local Currency Costs

Disbursements pursuant to Section 7.2. will be used exclusively to finance the local currency costs of goods and services required for the Project having with respect to goods their source and, except as A.I.D. may otherwise agree in writing, their origin in Rwanda or the United States and with

respect to the suppliers of services, their nationality in Rwanda, except as A.I.D. may otherwise agree in writing ("Local Currency Costs").

ARTICLE 7: Disbursement

Section 7.1. Disbursement for Foreign Exchange Costs

- (a) After satisfaction of Conditions Precedent, the Grantee may obtain disbursements of funds under the Grant for the Foreign Exchange Costs of goods or services required for the Project in accordance with the terms of this Agreement, by such of the following methods as may be mutually as agreed upon:
- (1) by submitting to A.I.D. with necessary supporting documentation as prescribed in Project Implementation Letters: (A) requests for reimbursement for such goods or services; or, (B) requests for A.I.D. to procure commodities and services on the Grantee's behalf for the Project; or,
 - (2) by requesting A.I.D. to issue Letters of Commitment for specified amounts (A) to one or more U.S. banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, under Letters of Credit or otherwise, for such goods or services; or (B) directly to one or more contractors or suppliers, committing A.I.D. to pay such contractors or suppliers for such goods or services.
- (b) Banking charges incurred by the Grantee in connection with Letters of Commitment and Letters of Credit will be financed under the Grant unless the Grantee instructs A.I.D. to the contrary. Such other charges as the Parties may agree to may also be financed under the Grant.

Section 7.2. Disbursement for Local Currency Costs

- (a) After satisfaction of Conditions Precedent, the Grantee may obtain disbursements of funds under the Grant for Local Currency Costs required for the Project in accordance with the terms of this Agreement, by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, requests to finance such costs.
- (b) The local currency needed for such reimbursements may be obtained:
- (1) by acquisition by A.I.D. with U.S. dollars by purchase or from local currency already owned by the U.S. Government; or
 - (2) by A.J.D. (A) requesting the Grantee to make available the local currency for such costs, and (B) thereafter making available to the Grantee, through the opening or amendment by A.I.D. of Special Letters of Credit in favor of the Grantee

or its designee, an amount of U.S. dollars equivalent to the amount of local currency made available by the Grantee, which dollars will be utilized for procurement from the United States under appropriate procedures described in Project Implementation Letters.

The U.S. dollar equivalent of the local currency made available hereunder will be, in the case of subsection (b)(1) above, the amount of U.S. dollars required by A.I.D. to obtain the local currency, and in the case of subsection (b)(2) above, an amount calculated at the rate of exchange specified in the applicable Special Letter of Credit Implementation Memorandum hereunder as of the date of the opening or amendment of the applicable Special Letter of Credit.

Section 7.3. Other Forms of Disbursement

Disbursements of the Grant may also be made through such other means as the Parties may agree to in writing.

Section 7.4. Rate of Exchange

Except as may be more specifically provided under Section 7.2., if funds provided under the Grant are introduced into Rwanda by A.I.D. or any public or private agency for purposes of carrying out obligations of A.I.D. hereunder, the Grantee will make such arrangements as may be necessary so that such funds may be converted into currency of Rwanda at the highest rate of exchange which, at the time the conversion is made, is not unlawful in Rwanda.

ARTICLE 8: Miscellaneous

Section 8.1. Communications

Any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such party at the following addresses:

To the Grantee:

Mailing address: Ministry of Plan
B.P. 46
Kigali, Rwanda

To A.I.D.:

Mailing address: U.S. Agency for International Development
B.P. 28
Kigali, Rwanda

Section 8.2. Representatives

For all purposes relevant to this Agreement, the Grantee will be represented by the individual holding or acting in the office of the Minister of Plan and A.I.D. will be represented by the individual holding or acting in the Office of the Director, USAID Mission to Rwanda, each of whom, by written notice, may designate additional representatives for all purposes including exercising the power under Section 2.1 to revise elements of the

amplified project description in Annex 1. The names of the representatives of the Grantee, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

Section 8.3. Standard Provisions Annex

A "Project Grant Standard Provisions Annex" (Annex 2) and "Illustrative Financial Plan" (Annex 3) are attached to and form part of this Agreement.

Section 8.4. Language of Agreement

This Agreement is prepared in both English and French. In the event of ambiguity or conflict between the two versions, the English language version will control.

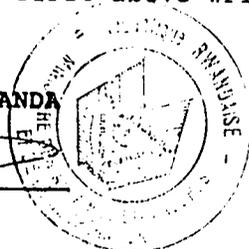
IN WITNESS WHEREOF, the Government of Rwanda and the United States of America, each acting through its duly authorized representatives, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

GOVERNMENT OF THE REPUBLIC OF RWANDA

BY: 

NAME: Boniface Ngulinzira

TITLE: Minister of Foreign Affairs and Cooperation



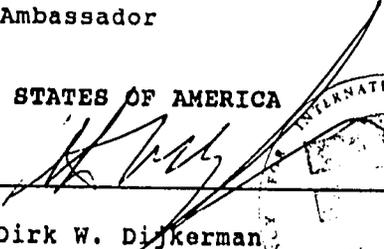
THE UNITED STATES OF AMERICA

BY: 

NAME: Robert A. Flaten

TITLE: Ambassador

THE UNITED STATES OF AMERICA

BY: 

NAME: Dirk W. Dijkerman

TITLE: Acting USAID/Rwanda Mission Director



ANNEX 1

PRIVATE VOLUNTARY ORGANIZATION SUPPORT PROJECT

(696-0136)

AMPLIFIED PROJECT DESCRIPTION

Except as specifically provided herein and within the limits of the definition of the project set forth in Section 2.1 of the Project Grant Agreement (the "Agreement") for the Private Voluntary Organization Support (PVO) Project, elements of this Amplified Project Description which is attached as Annex 1 to the Agreement and incorporated by reference as part of the Agreement may be changed by written agreement of the authorized representatives of the Parties named in Section 8.2 of the Agreement without formal amendment of such Agreement.

I. Project Description:

The Private Voluntary Organization Support Project will strengthen the capacity of private voluntary organizations/non-governmental organizations (PVOs/NGOs) to provide Rwandan small businesses, cooperatives, and associations with financial and business services.

The Project will expand the overall number of FVOs/NGOs working in enterprise, cooperative and association development programs undertaking income generating activities and help increase the impact of their programs. The institutional strengthening for Rwandan NGOs is to be accomplished through a combination of technical assistance and training, and funds to finance specific activities proposed by the NGOs/PVOs.

A. Goal: To increase commercial output (production) and employment by medium and smaller-scale enterprises in Rwanda's non-farm sectors.

B. Purpose:

- (1) To expand the number and increase the impact of PVO/NGO enterprise, cooperative, and association development programs undertaking income generating activities in the key non-farm sectors, such as manufacturing, commerce, services and transport with a special emphasis on agricultural processing and marketing; and,
- (2) to strengthen the institutional capacity of Rwandan NGOs to work more effectively with medium and smaller-scale enterprises, associations and cooperatives in the delivery of business and financial services and entrepreneurial training in these key sectors.

C. Detailed Project Description:

To increase business services and skills, the PVO Project will work with and through U.S. PVOs and Rwandan NGOs in order to build on their "comparative advantages," in terms of their knowledge of, and linkages, with local institutions (e.g.,

cooperatives, marketing associations, small entrepreneurs, women's groups) and people.

The Project will strengthen the PVOs/NGOs' capacity to provide Rwandan small businesses, cooperatives, and associations with financial and business services. Thus, the Project will expand the overall number of PVOs/NGOs working in private sector development efforts and help increase the impact of their programs. The institutional strengthening for Rwandan NGOs is to be accomplished through a combination of technical assistance and training, and funds to finance specific activities proposed by the NGOs/PVOs.

A number of beneficiary groups are targeted by the project: private enterprises; local institutions and PVO/NGO community; and, residents of communities, or individual enterprises, served by participating PVOs/NGOs and/or represented by local institutions. The individuals can be considered the ultimate beneficiaries, whether directly or indirectly, of all assistance provided by the Project.

Project Components

The project consists of two components: Subgrant Fund and Technical Assistance and Training.

(1) The Subgrant Fund: Approximately \$5.5 million of total Project funding will be set aside for subgrants to qualifying U.S. PVOs and Rwandan NGOs to finance a range of enterprise development activities consistent with GOR and USAID/Rwanda development priorities. The Project will offer two types of grant assistance as follows:

(a) Development Activity Grants (DAGs): DAGs will provide financial resources for PVOs/NGOs to increase the impact of their enterprise development programs and services in the key private sector activities supported by the Project. These subgrants are for NGOs/PVOs who have the management, financial and implementation capabilities necessary to successfully implement the proposed activity.

Of the \$5,500,000 subgrant fund, \$3,500,000 is designated for funding Development Activity Grants. DAGs will range from two to four years in length with funding levels of between \$100,000 and \$1,000,000. The actual size of an individual subgrant will depend on the management capacity of the PVO/NGO applicant and whether the application is a collaborative development effort or submission by a single entity. Approximately seven DAGs will be funded during the Project with an average funding level of \$500,000.

(b) Institutional Development Grants (IDGs): IDGs are only for Rwandan NGOs who may need assistance to become qualified for DAGs or capable of obtaining funds from other sources. This funding mechanism is specially geared to the actual needs and absorptive capacity of NGOs which do not yet have the level of organizational knowledge and programmatic skills required to effectively and efficiently manage available resources. These "starter grants" will provide institutional support through training, technical assistance, and core infrastructure or staff support. Modest funding

will also be available for these NGOs to implement experimental or pilot activities which could later be expanded through other funding sources.

Of the \$5,500,000 subgrant fund, \$2,000,000 will be made available for IDGs. The length of IDGs will be for one to two years with a funding level of up to \$150,000. While an IDG has the discrete purpose of strengthening the capacity of weaker NGOs to become better planners and managers of program activities, it is expected that having successfully concluded an IDG, the NGO will be in a position to apply for a larger Development Activity Grant or capable of obtaining funds from other sources. Approximately sixteen IDGs (average size, \$125,000) will be funded over the life of project or an average of four per year in years One through Four.

- (2) Technical Assistance (TA) and Training: TA and training can be provided through provisions made in subgrants or by the Cooperative Agreement Recipient (CAR). TA also will be available to help develop the proposals, resolve technology issues, and address other issues related to managing and implementing PVO/NGO activities funded by the project. Training will be funded in these areas as needed. The Project will also develop training materials in the more generic areas of management and financial controls, and provide training to a number of different PVO/NGO personnel through workshops and seminars. Such training will be conducted for NGOs, whether they are receiving subgrant assistance or not. Finally, training may be provided by those U.S. PVOs who decide to collaborate with Rwandan NGOs on activities funded by the project.

Outputs

By the PACD, to support the accomplishment of the Project's goal and purpose, the following outputs will be accomplished:

- Fifteen to twenty-five Rwandan NGOs will receive direct CAR-provided training or other technical assistance for their institutional development, particularly in their capacity to deliver business and financial services and entrepreneurial training to medium- and smaller-scale enterprises;
- Seventy-five to one hundred private enterprises, cooperatives or associations will receive business and financial services and/or entrepreneurial training from subgrantees (average of four enterprises per NGO over LOP);
- Fourteen to sixteen Rwandan NGOs will receive institutional development subgrants of up to \$150,000 each;
- Five to seven U.S. PVOs and Rwandan NGOs will receive development activity subgrants in the range of \$100,000 to \$1,000,000 each;
- Two U.S. PVO-Rwandan NGO partnerships formed and development activity subgrants approved (included in the 7 DAGs noted above);
- Strengthened NGO consortia, cooperatives and associations providing improved enterprise services to their members;

- Local training institutions and consulting firms develop capacity to provide training and technical assistance to NGOs and small and medium enterprises through CAR provided TA/Training.

Project Inputs and Resources

It is planned that the following inputs will be provided over the six year life of the Project:

A.I.D. Contribution

USAID will contribute approximately \$10,000,000 over the six year life of the Project in the following manner:

- **Technical Assistance** - Approximately 10 person-years of resident TA and approximately 135 person-weeks of short-term TA to manage the subgrants, to conduct training courses, and resolve technical issues.
- **Local Hire** - Approximately 32 person years of local hire professionals (subgrants manager, training/technical assistance coordinator, administration/accounting, monitoring and evaluation), 26.6 person-years of support staff (secretary, driver, maintenance, receptionist) to manage the subgrants.
- **Subgrant Fund** - The Project will offer two types of subgrant assistance to qualifying U.S. PVOs and Rwandan NGOs to finance enterprise development activities:
 1. Development Activity Grants (DAGs): DAGs will provide financial resources for PVOs/NGOs who already have the management, financial and implementation capabilities necessary to successfully implement expanded enterprise development programs and services in the key private sector activities supported by the Project.
 2. Institutional Development Grants (IDGs): IDGs will provide institutional support through training, technical assistance, and core infrastructure or staff support for Rwandan NGOs who do not yet have the level of organizational knowledge and programmatic skills required to effectively and efficiently manage available resources.
- **Other Costs** - Local costs for physical maintenance.
- **Evaluation and Audits** - Approximately \$600,000 will be set aside for the two planned external evaluations and audits as necessary.

GOR Contribution

The Ministry of Plan (MINIPLAN), as the GOR agency responsible for the Project, will participate in the selection of the U.S. PVO or non-profit organization which will act as implementing agency. MINIPLAN will also review and approve the implementing agent's Life of Project Workplan and each Annual Workplan, and will participate in Project evaluations. Thus, while the Grantee will not directly receive A.I.D. funds under the Project, it will contribute to Project implementation through the provision of the salaries of the MINIPLAN staff members involved in these activities.

II. Implementation Arrangements

A. Management Structure

Project Consultative Committee

A national-level Project Consultative Committee (PCC) will be formed including representatives from the Government of Rwanda, USAID and the Cooperative Agreement Recipient (CAR). The Ministry of Plan, in its capacity as the GOR agency responsible for coordinating and monitoring NGO activities, will serve as the Chair for the PCC. Representatives from PVOs/NGOs working in Rwanda, the donor community and the private sector will also be invited to participate in observer status. The CAR will serve as the secretariat to the PCC.

In addition to providing the participants with a forum to discuss private sector development, and the role of NGOs in this development sector, the PCC will undertake the following tasks:

- Provide overall policy direction for the Project and guidance to the CAR during project implementation;
- Provide liaison between GOR, USAID and NGOs and other government ministries and donor agencies with an interest in private sector development;
- Review and approve Life of Project and Annual Workplans (AWPs) and budgets submitted by the CAR;
- Organize quarterly reviews based on quarterly comprehensive progress reports submitted by the CAR and linked to performance indicators detailed in the AWPs;
- Review and approve final subgrant application selection criteria, subgrant application process and procedures developed by the CAR;
- Discuss and resolve issues which arise during project implementation and which impact on the ability of the CAR to execute project activities, including disputes which may arise between the CAR and subgrantees; and,
- Participate in developing scopes of work for evaluations to measure project impact.

Cooperative Agreement Recipient (CAR)

The primary implementing agent of the Project will be the Cooperative Agreement Recipient (CAR). Its responsibilities will be defined within the context of its functional and contractual relationships with USAID, the Project Consultative Committee, and PVOs and NGOs who are the immediate beneficiaries of Project assistance. The role of the CAR is essentially one of an intermediary with multiple sets of clients. One aspect of this role is that of serving as an interface between donor and recipient. For USAID and the GOR, the CAR provides management services which permit the efficient and effective utilization of resources made available by the U.S. Government for development purposes in Rwanda. For PVOs/NGOs, the CAR provides a streamlined mechanism for tapping into this financing, and a means for interpreting and adhering to the terms and conditions that go along with the acceptance of donor assistance.

The formalized relationship between PVO/NGO subgrantees and the CAR will be executed through subagreements (subgrant agreements) which detail the terms and conditions of the subgrant. Subagreements are structured like and contain provisions similar to those found in the USAID-Recipient Cooperative Agreement. The CAR will be responsible for ensuring that eligibility criteria are made known to local NGOs and for applying eligibility criteria to those organizations submitting DAG applications.

PVOs/NGOs will first submit to the CAR a concept paper outlining their proposed activity and an institutional statement which will establish their eligibility to receive a subgrant. Review by the CAR will determine whether the activity is in accord with subgrant criteria, whether the PVO/NGO is eligible to receive a subgrant, and whether the PVO/NGO is sufficiently well established to undertake the implementation of a Development Activity Grant or whether it will first require technical assistance/training or other institutional strengthening support via an Institutional Development Subgrant. The CAR will be delegated authority for subgrant approval as follows:

- Institutional Development Subgrants not exceeding US\$150,000; and
- development activity subgrants for amounts not exceeding \$200,000. USAID will review all Development Activity Subgrants in excess of \$200,000 submitted by the CAR and provide its approval/disapproval accordingly.

Subgrant Recipients

Both U.S. PVOs and Rwandan NGOs are eligible for Project assistance providing they are duly registered with the concerned authorities. U.S. PVOs must be registered with A.I.D./Washington and Rwandan NGOs registered with the Government of Rwanda. Although Rwandan NGOs will not be required to register as Local PVOs with A.I.D./Washington, those applying for Development Activity Grants must meet the required criteria.

As an intermediary body itself, each PVO/NGO subgrantee has responsibilities with both the CAR and the community groups or other beneficiary organizations which it is seeking to assist. The obvious one in relation to its target clientele is to solicit their participation at all levels of project design and implementation. It will be working through established democratically organized institutions and strengthening their capacity to undertake subgrant activities at the end of the subgrant period.

In addition to the tasks of implementing their subgrants, the PVOs/NGOs participating as subgrantees under the Project will also have management responsibilities in relation to overall subgrant administration. Chief among these are monitoring, evaluation and reporting requirements. In each of these areas they will be required to develop, and have approved by the CAR, plans which detail how these activities will be accomplished during project implementation. The CAR will also work with subgrantees to develop information systems which will provide data which can serve both its reporting requirements and provide information which can be used to measure subgrant impact. To the extent possible, reporting and other informational requirements will be streamlined and standardized by the CAR to decrease current management burdens of subgrantees.

B. USAID/GOR Responsibility:

The Ministry of Plan

The Ministry of Plan, in its capacity as the GOR counterpart, will serve as the principal coordinator for GOR interests in project implementation. Specifically, it will:

- (1) participate in the selection of the U.S. PVO which will be the Project's implementing agent (Cooperative Agreement Recipient - CAR);
- (2) serve as the Chair of the Project Consultative Committee (the specific responsibilities this entails have been detailed in the Project Consultative Committee section above).
- (3) participate in the review and approval of the Life of Project Workplan and each Annual Workplan; and,
- (4) participate in developing scopes of work for project evaluations.

USAID

USAID will designate a Project Manager within its Agriculture Development Office who will be responsible for the management of the Project.

USAID/Rwanda management responsibilities under the Project will include the following:

- Monitoring of CAR performance in accordance with the terms and conditions of the Cooperative Agreement;
- Managing the activities (audits and evaluation) funded under the Project which will not be included in the Cooperative Agreement;
- Concurring in long-term expatriate personnel selected for the CAR;
- Approving subgrant proposals exceeding \$200,000 in value;
- Integrating of Project performance reporting data into USAID's broader impact-reporting monitoring and evaluation system; and,
- Monitoring compliance with the Project Agreement signed with the GOR which provides for the formation of a Project Consultative Committee (PCC) responsible for overall coordination and policy determination of the Project. USAID will actively participate on the PCC.

USAID will play an important role of guiding, monitoring and evaluating the Project's implementation, and will participate in policy and programming dialogue with the Government of Rwanda and the PVO/NGO community in Rwanda.

C. Implementation Oversight:

The Grantee and A.I.D. will monitor project implementation through the PCC with the following monitoring and evaluation mechanisms:

- Life of Project Workplan - Within three months of arrival in Rwanda the CAR will produce a life-of-project work plan that will describe in detail the planned Project activities for the five years of the Cooperative Agreement and how the CAR plans to achieve the defined outputs of the Project. One year after this plan is submitted and approved, and each year thereafter, the CAR will submit an Annual Work Plan. Annual Work Plans will be based on quarterly reports and submitted to USAID and the Grantee for review no more than 60 days after the start of the CAR's fiscal year. The CAR Chief of Party will be the responsible officer for the development of these plans. The plans must be approved by both the MOP and USAID.
- Comprehensive Quarterly Reports - As part of the annual work plans, the CAR will provide quarterly reports to USAID and the Grantee. These reports will be written in English and in French and submitted to the PCC. A quarterly meeting will be scheduled for the review of this report. The structure and form of these reports will be determined by the PCC to meet USAID's need to write biannual Project Implementation Reports. Five copies of the report will be submitted to USAID. The purpose of the quarterly reviews will be to assess progress, identify problems/shortfalls and derive solutions and approve actions for the next quarter.
- Mid-term Evaluation - Approximately 15 months after the arrival of the CAR team in Rwanda, an external mid-term evaluation will be carried out. This evaluation will assess whether the objectives of the Project are being achieved and, based on the findings, will recommend changes to improve Project implementation if necessary.
- Final Evaluation - A final evaluation will take place near the end of the Project to determine the strengths and weaknesses of the Project design and implementation. Should follow-on assistance be justified, this evaluation will assist in defining priority areas for any future support.
- Audits - United States Government audits of all parties involved in the Project may be carried out at any time during the Project. Commercial financial audits of the CAR will be conducted each year of the project to ensure project compliance with USAID accounting requirements.

D. Contracting and Procurement Procedures:

On behalf of the Grantee, A.I.D. will enter into an Cooperative Agreement (CA) to provide technical assistance, training, subgrant funds, and management and evaluation services.

E. Monitoring and Evaluation

The Project will conduct regular monitoring and evaluations to provide information needed for specific decisions and to demonstrate "people-level" impacts. The monitoring will be based on continuous information collection by the CAR and subgrantees.

The CAR will have primary responsibility for securing information on financial management and accountability, subgrant progress and impact of funded activities undertaken by subgrantees. Requirements for subgrantee record keeping, reporting, evaluation and audit will be established during subgrant negotiations. Subgrantee compliance with monitoring and evaluation

responsibilities will be one measure of their institutional development and of the CAR's management performance.

The CAR will design and install a computerized Project management information system (MIS). The MIS will be keyed to USAID's monitoring and evaluation system (M&E), which includes the Project Implementation Report (PIR) and Assessment of Program Impact (API) processes, enabling the CAR to rely on it to meet regular and special reporting/monitoring needs. Properly established and administered, the MIS and related CAR staff can serve as a learning center for NGOs to improve their own MIS capacity.

Early close collaboration with the PCC in development of the Project's MIS will insure that the CAR's reports meet both its own, the GOR and USAID monitoring needs. All activities included in the CAR's Annual Workplans will be tracked in the MIS, allowing the CAR to provide detailed information about progress in (e.g.) collection and consolidation of baseline data, awarding of subgrants, and implementation and initial outcomes of them. CAR insistence on the adequacy of subgrantee information systems, before disbursing subgrant funds, will enable it to use these systems effectively for compiling reports on overall Project performance.

With subgrantee help, the CAR will secure uniform baseline information on beneficiaries and targets for both development activity grants and institutional development subgrants. Rapid reconnaissance studies, using sampling techniques, will be employed to keep costs low. Recipients of Project subgrants will report quarterly to the CAR on progress toward objectives, with these reports timed to coincide with the CAR's own management surveillance and reporting to USAID. Promptness and completeness of subgrant project and financial reporting will be used to assess NGO institutional development and to determine appropriateness of planned quarterly financial disbursements.

ANNEX 2

PROJECT GRANT STANDARD PROVISION

Definition: As used in this Annex, the "Agreement" refers to the Project Grant Agreement to which this Annex forms a part. Terms used in this Annex have the same meaning or references as in the Agreement.

ARTICLE A: Project Implementation Letters

To assist the Grantee in the implementation of the Project, AID, from time to time, will issue Project Implementation Letters that will furnish additional information about matters stated in this Agreement. The Parties may also use jointly agreed-upon Project Implementation Letters to confirm and record their mutual understanding on aspects of the implementation of this Agreement. Project Implementation Letters will not be used to amend the text of the Agreement, but can be used to record revisions or exceptions which are permitted by the Agreement, including the revision of elements of the Amplified Description of the Project in Annex I.

ARTICLE B: General covenants

Section B.1. Consultation

The parties will cooperate to assure that the purpose of this Agreement will be accomplished. To this end, the Parties, at the request of either, will exchange views on the progress of the Project, the performance of obligations under this Agreement, the performance of any consultants, contractors, or suppliers engaged on the Project, and other matters relating to the Project.

Section B.2. Execution of Project:

The Grantee will:

(a) carry out the Project or cause it to be carried out with diligence and efficiency, in conformity with sound technical, financial, and management practices, and in conformity with those documents, and with any modification therein, approved by A.I.D. pursuant to this Agreement; and

(b) provide qualified and experienced, management for, and train such staff as may be appropriate for, the maintenance and operation of the Project and, as applicable for continuing activities, cause the Project to be operated and maintained in such manner as to assure the continuing and successful achievement of the purposes of the Project.

Section B.3. Utilization of Goods and Services

(a) Any resource financed under the Grant will, unless otherwise agreed in writing by A.I.D., be devoted to the Project until the completion of the Project, and thereafter will be used so as to further the objectives sought in carrying out the Project.

(b) Goods or services financed under the Grant, except as A.I.D. may otherwise agree in writing, will not be used to promote or assist a foreign aid project or activity associated with or financed by a country not included in Code 935 of the A.I.D. geographic Code Book as in effect at the time of such use.

Section B.4. Taxation

(a) This Agreement and the Grant will be free from any taxation or fees imposed under laws in effect in territory of the Grantee.

(b) To the extent that (1) any contractor, including any consulting firm, any personnel of such contractor financed under the Grant, and any property or transaction relating to such procurement transaction financed under the Grant, are not exempt from identifiable taxes, tariffs, duties or other levies imposed under laws in effect in the territory of the Grantee, provided in and pursuant to Project Implementation Letters, pay or reimburse the same with funds other than those provided under the Grant.

Section B.5. Reports, accounting records, audits, inspections

(a) The Grantee shall furnish A.I.D. Such information and reports relating to the Project and to this Agreement as A.I.D. may reasonably request.

(b) The Grantee shall maintain accounting books, records, documents and other evidence relating to the Project and to this Agreement, adequate to show, without limitation, all costs incurred under the Grant, the receipt and use of goods and services acquired under the Grant, the costs of the Project supplied from other sources, the nature and extent of solicitations of prospective suppliers of goods and services acquired, the basis of award of contracts and orders, and the overall progress of the Project towards completion ("Project books and records"). At the Grantee's option, with approval by A.I.D., Project books and records shall be maintained in accordance with one of the following methods: (1) generally accepted accounting principles prevailing in the United States, (2) generally accepted accounting principles prevailing in the country of the Grantee, (3) accounting principles prescribed by the International Accounting Standard Committee (an affiliate of the International Federation of Accountants), or (4) such other accounting principles as the Parties may agree to in writing. Project books and records shall be maintained for at least three years after the date of last disbursement by A.I.D.

(c) If \$ 25,000 or more is disbursed directly to the Grantee in any one calendar year under the Grant, the Grantee, except as the Parties may otherwise agree in writing, shall have financial audits made of the funds disbursed to the Grantee under the Grant in accordance with the following terms:

- (1) the Grantee shall select an independent auditor in accordance with the guidelines for financial audits contracted by foreign recipients issued by the A.I.D. Inspector General ("Guidelines"), and the audits shall be performed in accordance with the "guidelines".
- (2) an audit of the funds provided under the Grant shall be conducted for each fiscal year of the Grantee. The audit shall determine whether the receipt and expenditure of the funds provided under the Grant are presented in accordance with generally accepted accounting principles agreed to in section (b) above and whether the Grantee has complied with the terms of the Agreement. Each audit shall be completed no later than one year after the close of the Grantee's fiscal year.

(d) the Grantee shall submit an audit report to A.I.D. within 30 days after completion of each audit arranged for by the Grantee in accordance with this section. The A.I.D. Inspector General will review each report to determine whether it complies with the audit requirements of the Agreement. Subject to A.I.D. approval, costs of audits performed in accordance with the terms of this section may be charged to the Grant. In cases of continued inability or unwillingness to have an audit performed in accordance with the terms of this section, A.I.D. will consider appropriate sanctions which include suspension of all or a

portion of disbursements until the audit is satisfactorily completed or A.I.D. performs its own audit.

(e) the Grantee shall submit to A.I.D., in form and substance satisfactory to A.I.D., a plan by which the Grantee will ensure that funds made available to subrecipients that receive \$ 25,000 or more in any one calendar year under the Grant are audited in accordance with this Agreement. The plan should describe the methodology to be used by the Grantee to satisfy its audit responsibilities with respect to any subrecipient to which this section applies. Such audit responsibilities with respect to subrecipients may be satisfied by relying on independent audits of the subrecipients or on appropriate procedures performed by the internal audit or program staff of the Grantees, by expanding the scope of the independent financial audit of the Grantee to encompass testing of subrecipients' accounts, or by a combination of these procedures. Its plan should identify the funds made available to subrecipients that will be covered by audits conducted in accordance with other audit provisions that would satisfy the Grantee's audit responsibilities (a non profit organization organized in the United States is required to arrange for its own audits; a for-profit contractor organized in the United States that has a direct contract with A.I.D. is audited by the cognizant U.S. Government agency; a private voluntary organization organized outside the United States with a direct Grant from A.I.D. is required to arrange for its own audits; and a host-country contractor should be audited by the cognizant Grantee contracting agency). The Grantee shall ensure that appropriate corrective actions are taken on the recommendations contained in the subrecipients' audit reports; consider whether subrecipients' audits necessitate adjustment of its own records; and require each subrecipient to permit independent auditors to have access to records and financial statements as necessary.

(f) A.I.D. may, at its discretion, perform the audits required under this Agreement on behalf of the Grantee by utilizing funds under the Grant or other resources available to A.I.D. for this purpose. The Grantee shall afford authorized representatives of A.I.D. the opportunity at all reasonable times to audit or inspect the Project, the utilization of goods and services financed by A.I.D. and books, records and other documents relating to the Project and the Grant.

Section B.6. Completeness of Information

The Grantee confirms:

(a) that the facts and circumstances of which it has informed A.I.D., or cause A.I.D. to be informed, in the course of reaching Agreement with A.I.D. on the Grant, are accurate and complete, and include all facts and circumstances that might materially affect the Project and the discharge of responsibilities under this Agreement.

(b) that it will inform A.I.D. in timely fashion of any subsequent facts and circumstances that might materially affect, or that it is reasonable to believe might so affect, the Project or the discharge of responsibilities under this Agreement.

Section B.7. Other Payments

The Grantee affirms that no payment has been or will be received by any official of the Grantee in connection with the procurement of goods or services financed under the Grant, except fees, taxes, or similar payments legally established in the country of the Grantee.

Section B.8. Information and Marking

The Grantee will give appropriate publicity for the Grant and the Project as a program to which the United States has contributed, identify the Project site, and mark goods financed by A.I.D., as described in Project Implementation Letters.

ARTICLE C: Procurement Provisions

Section C.1. Special Rules

(a) The source and origin of ocean and air shipping will be deemed to be the ocean vessel's or aircraft's country of registry at the time of shipment.

(b) Premiums for marine insurance placed in the territory of the Grantee will be deemed an eligible Foreign Exchange Cost, if otherwise eligible under Section C.7. (a).

(c) Any motor vehicles financed under the Grant will be of United States manufacture, except as A.I.D. may otherwise agree in writing.

(d) Transportation by air, financed under the Grant, of property or persons, will be on carriers holding United States certification, to the extent service by such carriers is available. Details on this requirement will be described in a Project Implementation Letter.

Section C.2. Eligibility Date

No goods or services may be financed under the Grant which are procured pursuant to orders or contracts firmly placed or entered into prior to the date of this Agreement, except as the Parties may otherwise agree in writing.

Section C.3. Plans, Specifications and Contracts

In order for there to be mutual agreement on the following matters, and except as the Parties may otherwise agree in writing:

(a) the Grantee will furnish to A.I.D. upon preparation:

- (1) Any plans, specifications, procurement or construction schedules, contracts, or other documentation relation to goods or services to be financed under the Grant, including documentation relating to the prequalification and selection of contractors and to the solicitation of bids and proposals. Material modifications in such documentation will likewise be furnished A.I.D. on preparation;
- (2) such documentation will also be furnished to A.I.D., upon preparation, relating to any goods or services, which, though not financed under the grant, are deemed by A.I.D. to be of major importance to the Project. Aspects of the Project involving matters under this subsection (a) (2) will be identified in Project Implementation Letters.

(b) documents related to the prequalification of contractors, and to the solicitation of bids or proposals for goods and services financed under the Grant will be approved by A.I.D. in writing prior to their issuance, and their terms will include United States Standards measurements; and

(c) contracts and contractors financed under the Grant for engineering and other professional services, for construction

services, and for such other services, equipment or materials as may be specified in Project Implementation Letters; will be approved by A.I.D. in writing prior to execution of the contract. Material modifications in such contract will also be approved in writing by A.I.D. prior to execution; and

(d) consulting firms used by the Grantee for the Project but not financed under the Grant, the scope of their services and such of their personnel assigned to the Project as A.I.D. may specify, and construction contractors used by the Grantee for the Project but not financed under the Grant, shall be acceptable to A.I.D.

Section C.4. Reasonable Price

No more than reasonable prices will be paid for any goods or services financed, in whole or in part, to the maximum extent practicable, on a competitive basis.

Section C.5. Notification to Potential Suppliers

To permit all United States firms to have the opportunity to participate in furnishing goods and services to be financed under the Grant, the Grantee will furnish A.I.D. such information with regard thereto, and at such times, as A.I.D. may request in Project Implementation Letters.

Section C.6. Shipping

(a) Goods which are to be transported to the territory of the Grantee may not be financed under the Grant if transported either: (1) on an ocean vessel or aircraft under the flag of a country which is not included in A.I.D. Geographic Code 935 as in effect at the time of shipment, or (2) on an ocean vessel which A.I.D. by written notice to the Grantee has designated as ineligible; or (3) under an ocean or air charter which has not received prior A.I.D. approval.

(b) Costs of ocean or air transportation (of goods or persons) and related delivery services may not be financed under the Grant, if such goods or persons are carried: (1) on an ocean vessel under the flag of a country not, at the time of shipment, identified under the paragraph of the Agreement entitled "Procurement Source: Foreign Exchange Costs", without prior written A.I.D. approval; or (2) on an ocean vessel which A.I.D., by written notice to the Grantee, has designated as ineligible; or (3) under an ocean vessel or air charter which has not received prior A.I.D. approval.

(c) Unless A.I.D. determines that privately owned United States-flag commercial ocean vessels are not available at fair and reasonable rates for such vessels: (1) at least fifty percent (50%) of the gross tonnage of all goods (computed separately for dry bulk carriers, dry cargo lines and tankers) financed by A.I.D. which may be transported on ocean vessels will be transported on privately owned United States-flag commercial vessels, and (2) least fifty percent (50%) of the gross freight revenue generated by all shipments financed by A.I.D., and transported to the territory of the Grantee on dry cargo lines shall be paid to or for the benefit of privately owned United States-flag commercial vessels. Compliance with the requirements of (1) and (2) of this subsection must be achieved with respect to both any cargo transported for U.S. ports and any cargo transported from non-U.S. ports, computed separately.

Section C.7. Insurance

(a) Marine insurance on goods financed by A.I.D. which are to be transported to the territory of the Grantee may be financed as a Foreign Exchange Cost under this Agreement provided (1) such insurance is placed at the lowest available competitive rate, and

(2) claims thereunder are payable in the currency in which such goods were financed or in any freely convertible currency. If the Grantee (or government of Grantee), by statute, decree, rule, regulation, or practice discriminates with respect to A.I.D. financed procurement against any marine insurance company authorized to do business in any State of the United States, then all goods shipped to the territory of the Grantee financed by A.I.D. hereunder will be insured against marine risks and such insurance with a company or companies authorized to do a marine insurance business in a State of the United States.

(b) Except as A.I.D. may otherwise agree in writing, the Grantee will insure, or cause to be insured, goods financed under the Grant imported for the Project against risks incident to their transit to the point of their use in the Project; such insurance will be issued on terms and conditions consistent with sound commercial practice and will insure the full value of the goods. Any indemnification received by the Grantee under such insurance will be used to replace or repair any material damage or any loss of the goods insured or will be used to reimburse the Grantee for the replacement or repair of such goods. Any such replacements will be of source and origin of countries listed in A.I.D. geographic coded 935 as in effect at the time of replacement, and, except as the Parties may agree in writing, will be otherwise subject to the provisions of the Agreement.

Section C.3. U.S. Government-owned Excess Property

The Grantee agrees that wherever practicable, United States Government-owned excess personal property, in lieu of new items financed under the Grant, should be utilized. Funds under the Grant may be used to finance the costs of obtaining such property for the Project.

ARTICLE D: Termination, Remedies

Section D.1. Termination

Either Party may terminate this Agreement by giving the other Party 30 days written notice. Termination of this Agreement will terminate any obligations of the Parties to provide financial or other resources to the Project pursuant to this Agreement, except for payment which they are committed to make pursuant to noncancellable commitments entered into with third parties prior to the termination of this Agreement. In addition, upon such termination, A.I.D. may, at A.I.D.'s expenses, direct that title to goods financed under the Grant be transferred to A.I.D. if the goods are from a source outside the Grantee's country, are in a deliverable state and have not been off-loaded in ports of entry of the Grantee's country.

Section D.2. Refunds

(a) In the case of any disbursement which is not supported by valid documentation in accordance with this Agreement, or which is not made or used in accordance with this Agreement, A.I.D. notwithstanding the availability or exercise of any other remedies under this Agreement, any require the Grantee to refund the amount of such disbursement in U.S. Dollars to A.I.D. within sixty (60) days after receipt of a request therefore.

(b) If the failure of Grantee to comply with any of its obligations under this Agreement has the result that goods or services financed under the Grant are not used effectively in accordance with this Agreement, A.I.D. may require the grantee to refund all or any part of the amount of the disbursements under this Agreement for such goods or services in U.S. dollars to A.I.D. within sixty (60) days after receipt of a request therefore.

(c) The right under subsection (a) or (b) to require a refund of a disbursement will continue, notwithstanding any other provision of this Agreement, for three years from the date of the last disbursement under this Agreement.

(d) (1) Any refund under subsection (a) or (b), or (2) any refund to A.I.D. from a contractor, supplier, bank or other third Party with respect to goods or services financed under the Grant, which refund related to an unreasonable price for or erroneous invoicing of goods or services, or to goods that did not conform to specifications, or to services that were inadequate, will (A) be made available first for the cost of goods and services required for the Project, to the extent justified, and (B) the remainder, if any, will be applied to reduce the amount of the Grant.

(e) Any interest of other earnings on Grant funds disbursed by A.I.D. to the Grantee under this Agreement prior to the authorized use of such funds for the Project will be returned to A.I.D. in U.S. dollars by the Grantee.

Section D.3. Nonwaiver of remedies

No delay in exercising any right or remedy accruing to a Party in connection with its financing under this Agreement will be construed as a waiver of such right or remedy.

Section D.4. Assignment

The Grantee agrees, upon request, to execute an assignment to A.I.D. of any cause of action which may accrue to the Grantee in connection with or arising out of the contractual performance or breach of performance by a party to a direct U.S. dollar contract with A.I.D. financed in whole or in part out of funds granted by A.I.D. under this Agreement.

ARTICLE E: Country bilateral agreement

The parties agree that the conditions of the Economic and Technical Agreement, signed by our two governments on June 7, 1989; ratified by the Government of Rwanda, as advised in Ministry of Foreign Affairs Note Number 1988/16.04.03/AJ dated May 11, 1990; and entered into force on January 17, 1992, as advised in the Embassy of the United States of America Note Number 5, dated January 17, 1992, shall apply to this project.

ANNEX 3

Illustrative Financial Plan

The Illustrative Financial Plan, attached, sets forth the planned contributions of the Parties. Changes may be made to the Plan by written agreement of the representatives of the Grantee and A.I.D. without formal amendment of the Agreement, provided that such changes do not cause: (1) the A.I.D. contribution to exceed the amount specified in Section 3.1 of the Agreement; or (2) the Grantee's contribution to be less than the amount specified in Section 3.2 of the Agreement.

Within the total amount of the Grant, the budget line items are illustrative. Actual obligations may vary depending on the needs of the Project and the rate of Project implementation.

ILLUSTRATIVE SUMMARY PVO PROJECT BUDGET AND MATCHING CONTRIBUTIONS,
IN US\$ MILLIONS

Component	USAID Contribution	GOR Contribution	PVO/NGO Contribution	TOTAL PROJECT
Cooperative Agreement Technical Assistance, and Training (a)	3.9	0.0	0.0	3.9
Subgrants	5.5	0.0	1.5	7.0
Development Assistance Grants (DAGs)	3.5	0.0	1.2 (b)	4.7
Institutional Development Grants (IDGs)	2.0	0.0	0.3 (c)	2.3
Evaluations and Audits	<u>0.6</u>	<u>0.0</u>	<u>0.0</u>	<u>0.6</u>
TOTALS	10.0	0.0	1.5	11.5

- (a) This amount funds the two long-term Technical Assistance, all the Rwandans working in the UMU, as well as training and short-term technical assistance to PVOs/NGOs falling outside the DAGs or IDGs.
- (b) PVO/NGO contribution equals 25% of total value of activity.
- (c) PVO/NGO contribution equals 12% of total value of activity.

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