



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

"THIS IS A PRIMARY OBLIGATING DOCUMENT THAT IS NOT
PURSUANT TO A HANDBOOK 3 PROJECT AGREEMENT"

PD-ABI-923
91997

September 28, 1994

Mr. Kenneth D. Wollack
President
National Democratic Institute for International Affairs
Fifth Floor, 1717 Massachusetts Ave., N.W.
Washington, D.C. 20036

Subject: Grant No. 527-0376-G-00-4392-00

Dear Ms. Wollack:

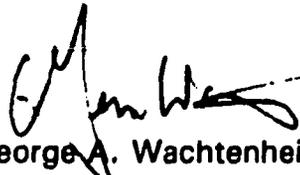
Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the United States Agency for International Development (hereinafter referred to as "USAID" or "Grantor") hereby grants to the National Democratic Institute for International Affairs (herein after referred to as "NDI" or "Grantee"), the sum of \$401,155 to provide support for a program to aid civic groups in building support among local organizations throughout Peru to conduct a parallel vote tabulation (PVT) on election day, as described in the Schedule of this Grant and Attachment 2, entitled "Program Description."

This Grant is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Grantee in furtherance of Program objectives during the period beginning with the effective date and ending June 30, 1995.

This Grant is made to NDI, on condition that the funds will be administered in accordance with the terms and conditions as set forth in the attachments listed under my signature below, which together constitute the entire Grant document and which have been agreed to by your organization.

Please sign the original and each copy of this letter to acknowledge your receipt of the Grant, and return the original and all but one copy to the Grant Officer.

Sincerely yours,

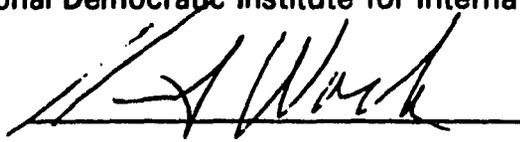

George A. Wachtenheim
Director

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions
4. Special Provisions entitled "Restrictions on Lobbying"

ACKNOWLEDGED:

National Democratic Institute for International Affairs

BY: 

Title: President

Date: October 6, 1994

FISCAL DATA

Allocation:

Appropriation: 72-113/41037

Budget Plan Code: LES3-94-25527-KG13

PIO/T No.: 527-0376-3-40090

Project No.: 527-0376

Total Estimated Amount: \$401,155

Total Obligated Amount: \$401,155

Funding Source: USAID/Peru

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SCHEDULE

A. Purpose of Grant

The purpose of this Grant is to provide support for a program to assist civic groups in building support among local organizations throughout Peru to conduct a parallel vote tabulation (PVT) on election day, as more specifically described in Attachment 2 to this Grant entitled "Program Description."

B. Period of Grant

The effective date of this Grant is the date of the Cover Letter and the estimated completion date of this Grant is June 30, 1995.

C. Amount of Grant and Payment

1. USAID hereby obligates the amount of \$401,155 for purposes of this Grant.

2. Payment shall be made to the Grantee in accordance with procedures set forth in Attachment 3 - Optional Standard Provision No. 2, entitled "Payment-Letter of Credit."

D. Financial Plan

The following is the Grant Budget, including local cost financing items, as authorized. Revisions to this budget shall be made in accordance with the Mandatory Standard Provision of this Grant entitled "Revision of Grant Budget."

**GRANT BUDGET
 (U.S. Dollars)**

ELEMENTS		USAID
1. Direct Labor		63,406
2. Fringe Benefits @ 39.4%		24,982
3. Travel and Per Diem		110,118
A. Airfare 47,244		
a. Assessment Mission	5,700	
b. National Conference	10,000	
c. Regional Seminars	13,304	
d. Program Consultation with NDI Washington	1,200	
e. Parallel Vote Tabulation	14,040	
f. Local Grants Administration	2,400	
g. NDI Field Representative Consultations with NGOs	600	
B. Per Diem 55,374		
a. Assessment Mission	8,440	
b. National Conference	9,495	
c. Regional Seminars (Lima & Interior Per Diem Rates)	16,648	
d. Program Consultation with NDI Washington	1,057	
e. Parallel Vote Tabulation	16,880	
f. Local Grants Administration (Lima)	2,110	
g. Field Consultations with Local Civic Groups (interior)	744	
C. Local Travel 4,500		
D. Other Travel Costs 3,000		
4. Other Direct Costs		70,808
A. Housing and Utilities 9,600 NDI Field Rep. Housing-8 months @ \$1,200		
B. Supplies and Equipment 7,900		
a. Office Supplies	2,400	
b. Equipment Rentals x 8 months (copier, fax)	2,000	
c. Equip. Purchases (laptop comp., modem, printer)	3,500	
C. Communications 12,000		
a. Telephone/fax	10,000	
b. Postage/courier	2,000	

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D. Contractual Services	23,030	
a. Printing (briefing & training materials)	4,500	
b. Translation and Interpretation	9,650	
c. Inter @\$6 per hour for 12 weeks	2,880	
d. In-country temporary help	6,000	
E. Bank Charges	1,500	
F. Public Information	500	
G. Meetings, Workshops and Conferences	15,278	
H. Subscriptions and Books	1,000	
5. Consultant Fees (for PVT experts @\$300/day x 25 days)		7,500
6. Grant Agreement (subgrant to a Peruvian NGO)		50,000
7. Indirect Costs @ 27.2% of total direct costs (Less Cooperative Agreement and equipment purchases)		74,341
GRAND TOTAL		401,155

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E. Reporting Requirements

1. Financial Reporting

a. Financial reporting requirements shall be in accordance with the Optional Standard Provision of this Grant entitled "Payment-Letter of Credit" as shown in Attachment 3.

b. NDI is required to maintain books and records in accordance with general accepted accounting principles. NDI is also required to have an Audit following the rules of OMB-Circular A133 for recipient-contracted audits.

c. The original and two copies of all financial reports shall be submitted to USAID/Peru, Office of the Controller, Larrabure y Unanue 110, Lima, 1, Peru.

2. Monthly Progress Reports

NDI will submit to the Office of Democratic Initiatives and Training, USAID/Peru, monthly progress reports five work-days after the end of each month. These reports will identify activities carried out during the previous period and any implementation problems and activities planned for the next period.

3. Special Reports

Between the required program performance reporting dates, events may occur that have significant impact on the program. In such instances, NDI shall inform the appropriate USAID/Peru Project Officer.

F. Indirect Cost Rate

Pursuant to the Standard Provision of this Grant entitled "Negotiated Indirect Cost Rates - Provisional (Nonprofits)," an indirect cost rate shall be established for each of the Grantee's accounting periods which apply to this Grant. Pending establishment of final or revised provisional indirect cost rates, provisional payments on account of allowable indirect costs shall be made on the basis of the following negotiated provisional rate applied to the base which is set forth below:

<u>Type</u>	<u>Rate</u>	<u>Base</u>	<u>Period</u>
Provisional Overhead	27.2	(1)	(2)

(1) Base of Application: Total direct costs

(2) Effective Date of Agreement until amended

G. Special Provisions

1. As set forth in Attachment 3, all Mandatory Standard Provisions for U.S. Nongovernmental Grantees apply to this Grant. Applicable Optional Standard Provisions are indicated on the Checklist in Attachment 3.

2. To assist in the implementation of the project, USAID from time to time will issue implementation letters furnishing additional information on requirements regarding matters stated in this Grant. Such letters shall not modify the terms of the Grant.

3. The USAID Project Officer is authorized to issue all approval documents which can clearly and reasonably be considered within the terms of this Grant as written.

4. Subagreements

Subagreements are governed by the Standard Provision on "Subagreements." In the event NDI enters into a subagreement, NDI has the responsibility to ensure that its subgrantees conform to all applicable terms and conditions of this Grant.

5. Closeout Procedures

This section prescribes uniform closeout procedures for this Grant.

a. The following definitions shall apply for the purpose of this section:

1) **Closeout**: The closeout of a grant is the process by which USAID determines that all applicable administrative actions and all required work of the grant have been completed by the Grantee and USAID.

2) **Date of Completion**: The date of completion is the date on which all work under the Grant is completed or the date of the award document, or any supplement or amendment thereto, on which sponsorship ends.

3) **Disallowed Costs**: Disallowed costs are those charges to a Grant that USAID or its representative determines to be unallowable in accordance with the applicable Federal cost principles or other conditions contained in the Grant.

b. USAID closeout procedures include the following requirements:

1) Upon request, USAID shall make prompt payments to a Grantee for allowable reimbursable costs under the Agreement being closed out.

2) The Grantee shall immediately refund any balance or unobligated (unencumbered) cash that USAID has advanced or paid and that is not authorized to be retained by the Grantee for use in other Agreements.

3) In the event a final report has not been performed prior to the closeout of the Grant, USAID shall retain the right to recover an appropriate amount after fully considering the recommendations on questioned costs resulting from the audit.

H. Title to Property

Title to property acquired hereunder shall vest in the Grantee, subject to the requirements of the Standard Provision of this Grant entitled "Title To and Use of Property (Grantee Title)." Disposition of property shall be in accordance with said optional provision.

I. Authorized Geographic Code

The authorized Geographic Code under this Grant shall be the United States (000) and Peru (subject to the Standard Provision on Local Cost Financing).

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PROGRAM DESCRIPTION

A. Introduction

The 1995 elections in Peru present a major opportunity to implement a multifaceted democratic and political education effort. Peru's democratic development needs are extensive. The National Democratic Institute (NDI) will work with Peruvian civic organizations to conduct a series of activities to support an open and transparent electoral process in Peru in 1995. NDI plans to assist civic groups to organize national and regional programs on electoral procedures and pollwatcher training. It will also assist civic groups to monitor and report on election and campaign laws, media coverage of the election campaign and voting and counting procedures. In particular, through these programs, NDI hopes to aid the civic groups in building support among local organizations throughout Peru to conduct a parallel vote tabulation (PVT) on election day.

The overall program is designed to promote citizen confidence and participation in the electoral process. Through these activities, NDI intends to enhance the ability of Peruvian civic groups to implement similar projects on their own, following the 1995 elections.

B. Background

In most cases, Peruvian citizens lack understanding and appreciation for democracy and democratic principles. This lack of understanding extends to questions of citizens' rights and responsibilities in a democracy; the government's role and obligations; and democracy's effectiveness as a form of government. As such, Peru has not yet formed a truly democratic society. The April 5, 1992 events by which President Fujimori restricted many civil liberties and dissolved Congress and the Judiciary on the grounds that these institutions were corrupt and ineffective, further reflect Peru's incipient democracy.

Peru is in need of political education to assist the electorate in selecting a leader who will truly be held accountable to promises made. While Peru's populace has often selected leaders democratically, it has been unable to hold its leaders accountable to the demands and needs of the populace. History shows that leaders are often chosen primarily on the basis of personality, rather than a platform of ideas and change. Similarly, political parties throughout their internal system of governance have followed much the same path in choosing their candidates, with disregard for the general populace and needs facing Peru. This has led to the subsequent lack of public confidence in the results of past elections. Therefore, a clear definition of a platform and an educated voting population aware of their ability to hold elected leaders accountable to their promises will be a positive step in Peru's transition to democracy.

C. Project Objectives

The objectives of NDI's program are:

- to increase public understanding of, and participation in, the electoral process, thereby promoting public confidence in the integrity of the electoral process;
- to develop the capacity of Peruvian civic groups to monitor the election process and verify the official election results; and
- to develop the organizational capacity of civic groups to sponsor post-election programs that strengthen democratic institutions.

D. Project Implementation and Institutional Responsibilities

1. NDI Responsibility

NDI will organize national and regional seminars to develop a nationwide network to observe and conduct a parallel vote tabulation (PVT) for the April 1995 Peruvian elections. NDI and international experts will assist Peruvian civic organizations in developing a plan to recruit and train election monitors to participate in the PVT project. The Institute will also assist civic groups to write pre-election monitoring reports on election and campaign laws, media coverage of the election campaign and the voting and counting procedures. Although currently there is no funding, the stage will be set for production in the future when funds are available. For this purpose, NDI will assume full responsibility for all aspects of the Program and the implementation of the following activities:

a. Assessment Mission

NDI staff members and international delegates will travel to Peru to lay the groundwork for the project and identify the appropriate civic groups, or coalition of civic groups, with interest and capabilities to conduct the election-related activities. The mission will be a follow-on to the assessment trip conducted by NDI staff in June 1994.

The delegation will meet with civic groups and civic leaders with representation in different regions of the country to introduce NDI's program and to discuss specific components of a comprehensive election monitoring effort. In order to identify the appropriate partners, NDI will further assess the capabilities of the organizations met with during its June assessment mission, explore the proposals already received from several of these organizations and discuss the possibility of

creating a coalition of civic groups to conduct the PVT. Groups considered to form the coalition will need to be politically independent and demonstrate the willingness and organizational capability to develop a grassroots network. Once selected, NDI will work in collaboration with these civic groups to organize and implement a comprehensive election monitoring effort for the April 1995 elections.

b. Field Presence

NDI Washington-based staff members will manage and implement the program. In addition, an integral part of the Peru program will be the assignment of an NDI field representative who will be resident in Peru for eight months and--working in conjunction with the Washington-based staff--design and implement the various aspects of NDI elections-related activities. One or more staff members may join the team which will be based in-country several weeks prior to the elections. The field representative will serve as liaison between NDI and the Peruvian organizations and will provide advice and assistance to the Peruvian civic leaders. As a representative of NDI, this individual will work with civic groups to organize seminars on electoral processes and election observation. The representative will assist with coordinating and implementing the national and regional seminars, and the pre-election monitoring activities.

In addition, the field representative will work with civic groups to develop the various organizational and strategic plans for the PVT. The representative will also travel with the civic group leaders and NDI international experts to the Peruvian provinces to build support for the nationwide PVT. The representative will assist civic groups in their efforts to develop and maintain contacts with local civic leaders throughout the country, which will be instrumental in mobilizing sufficient volunteers to conduct the PVT. The representative will be fluent in English and Spanish.

NDI will identify an individual with international experience as well as strong managerial skills. This individual will be responsible for the coordination and implementation of the various facets of the Peru program, including making the necessary logistical arrangements and overseeing the administration of program activities. The representative will determine timetables, agendas and goals for seminars and training programs. Additionally, the representative will be responsible for continually monitoring the changing political environment, reporting these developments to the Washington office and recommending and implementing necessary changes in the program plan.

c. National and Regional Seminars

NDI will assist civic groups to organize national and regional seminars to increase citizens' understanding of the electoral process and to gain their

support for, and participation in, the PVT effort. Electoral procedures and the roles and duties of elections monitors will be discussed in each program. NDI will identify and sponsor international experts to work with the civic organizations to conduct the seminars and develop materials to assist in the training. NDI will conduct at least one national conference and four two-day regional seminars.

The program will be initiated with a conference in Lima. Leaders of civic organizations from across the country, political party officials responsible for coordinating pollwatchers, as well as appropriate individuals from the National Electoral Board will be invited to come together to discuss the Peruvian electoral system and the components of elections monitoring activity.

NDI and the civic groups will then conduct regional seminars to train local civic leaders and provide them with the necessary tools and expertise to motivate and train local citizens to be volunteer monitors during the national elections. Topics of the seminars will include an explanation of the legal rights of electoral observers in Peru, a code of conduct for observers, techniques for monitoring the pre-election period, the organization of a PVT and methods for reporting electoral irregularities. After completing the seminars, NDI envisions that the participants will be motivated and prepared to train local citizens to assist with the PVT effort.

NDI will distribute its handbook entitled "How Domestic Organizations Monitor Elections" at the seminars to facilitate the training and define the role of citizens during an election. In addition, NDI will assist civic organizations to develop country-specific training materials and election-day checklists.

Since the PVT will help develop a communication and volunteer network, civic groups should be prepared to undertake broader civic activities to strengthen democratic institutions following the elections.

d. Monitoring the Pre-Election Period

In order to support Peruvian civic organizations to monitor various aspects of the electoral period, NDI will assist the groups to analyze and report on the legal and media-related aspects of the electoral environment.

As an effort to remedy confusion over the electoral law, NDI will assist local organizations to draft a report analyzing the strengths and weaknesses of the existing statutes. The goal of the report is to increase public understanding of the regulations and to encourage public scrutiny and participation, both during the pre-electoral period and on election day. The report will recommend steps to be taken to improve the administration of the election and to conduct a more transparent process.

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In order to help resolve Peruvian concerns about news coverage and maintaining equal access to media by the various presidential candidates, NDI will work with local groups to analyze the fairness and access of broadcast media coverage. The objective will be to produce and publicize periodic reports designed to increase public awareness and support for an open and fair pre-election environment.

This facet of the NDI program seeks to enhance local groups' capacity to analyze and report on election laws and international elections standards, as well as conduct impartial assessments of the use of media during the electoral process. During the course of the national and regional seminars, NDI will allow time in the agenda for international experts who have conducted similar analyses in their own countries to explain the principles and techniques relevant to monitoring pre-election issues. These experts will assist the civic groups to devise a methodology for the studies, draft the reports and publicize their findings. Follow-up consultations may be conducted, as necessary, by telephone and fax, using the NDI field representative as a liaison.

e. Parallel Vote Tabulation

NDI will collaborate with local organizations to conduct a parallel vote tabulation (PVT) in order to provide an independent, impartial verification of the April 1995 election returns. A PVT is a tool used to monitor a vote count whereby election monitors record results obtained from individual voting stations and compare these findings to the official results. The general purpose of a PVT is to verify the accuracy of the results reported by electoral authorities as these results are transmitted from local to central authorities. The monitoring effort and PVT results can serve to reduce the potential for electoral irregularities, help to confirm the accuracy of vote tallies and increase voter confidence, enhancing their willingness to participate in the process.

NDI will work with local civic groups in Peru to lay the groundwork for the nationwide PVT. The Institute will arrange for international experts to visit Peru and assist the local groups on conducting independent vote counts and grassroots organizing. NDI envisions that experts will be drawn from countries such as Mexico, United States, Chile, Philippines, Canada and Paraguay. They will visit Peru, as necessary, preceding the elections to assist the domestic monitoring organizations as they prepare to implement the parallel count on election day. NDI and international experts will provide assistance in developing the volunteer recruitment plan, a timetable for the activities and the election day logistics plan.

The local civic groups, in conjunction with NDI and the international experts, will develop a national communication network, enabling them to collect election results from volunteers throughout the country. NDI will assist civic groups to assemble a team of statisticians, volunteer trainers, and computer experts

to conduct the PVT. This team will be fundamental in establishing and executing the communication and reporting system that will be used on election day. Specialized computer software developed by NDI will be provided as part of the technical assistance.

NDI and international experts will also help the local civic groups to develop a Code of Conduct for domestic observers and the format and content of the election monitor training seminars. Before the elections, volunteers will have attended a training session on the fundamentals of election observing, how to collect results for the PVT and methods for confronting electoral irregularities.

On election day, civic groups will deploy volunteers to polling sites around the country to observe the voting and counting processes. After observing the closing of the polling and the final tabulation of the results, pollwatchers will record the actual election results and communicate them to a central headquarters. A projected election return will then be compiled from the information gathered from polling stations across the country and, if appropriate, released to the media. Although separate from the official vote tabulation, the PVT results will be based on actual polling results from voting sites verified by pollwatchers and other eyewitnesses after the closing of the polls. Particular importance shall be placed on reporting results from the military-controlled areas, where many Peruvians estimate the likelihood of irregularities are greatest.

Additionally, NDI will make the necessary arrangements to assure effective coordination with international NGO participants in the Election Support Project (527-0376) as well as with the Peruvian National Electoral Board and USAID/Peru, and to assign an individual to be the principal contact with the USAID/Peru Election Support project Manager.

2. USAID Project Monitoring and Management

The Office of Democratic Initiatives and Training (ODIT) will assume overall responsibility for project management within USAID/Peru. The Division Chief or his/her designee will serve as the Project Manager and will be responsible for overall Project coordination and monitoring.

3. Financial Management

Prior to disbursement of funds under the Grant, NDI will submit for USAID review and approval a detailed work plan of activities to be carried out, including the objectives pertaining to its overall elections support to Peru.