

70DBBV840
10/19/90

NOTICE OF RECORD

DATE:

612-0232

CORRECT PROJECT NUMBER IS: _____

CORRECT PROJECT TITLE IS: S. H. A. R. E.

VERIFIED BY: [Signature]
AFR/PD/IPS

DATE: 10/2/90

CLEARED BY: [Signature]
CHIEF, AFR/PD/IPS

DATE: 10/19/90

AID 1350 1
13 87

*PIO T

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT IMPLEMENTATION ORDER TECHNICAL SERVICES

1 Cooperating Country
Malawi

Page 1 of 24 Pages

2 PIO T No
612-0232-3-00024

3 Original or Amendment No

4 Project Activity No. and Title
612-0232
Services for Health, Agriculture, Rural and Enterprise Development (SHARED)

DISTRIBUTION

5 Appropriation Symbol
72-1101014

6 Budget Plan Code
GSSA-90-21612-KG13

7 Obligation Status
 Administrative Reservation Implementing Document

8 Project Assistance Completion Date (Mo., Day, Yr.)
8/31/99

9 Authorized Agent
USAID/Malawi

10 This PIO T is in full conformance with PRO AG No
Date N/A

11a Type of Action and Governing AID Handbook
 AID Contract (HB 14) AID Grant or Cooperative Agreement (HB 13) PASA RSSA (HB 12) Other

11b Contract Grant Cooperative Agreement PASA RSSA Reference Number (if this is an Amendment)
N/A

12 Estimated Financing (A detailed budget in support of column (2) is attached as Attachment No 2)

Maximum AID Financing Available	A Dollars	(1) Previous Total	(2) Increase	(3) Decrease	(4) Total to Date
					4,900,000
	B U.S.-Owned Local Currency				

13. Mission References

14A Instructions to Authorized Agent Execute a Cooperative Agreement with The Experiment in International Living (EIL) in accordance with the attached Scope of Work and Financial Plan. As documented in the project file, EIL was competitively selected by USAID's Proposal Review Committee which reviewed responses from EIL and PACT (Private Agencies Collaborating Together) to USAID's "Invitation for Applications to Receive a Cooperative Agreement". Per State 208290 (27 June 1990), the Mission Director, USAID/Malawi, has been delegated the authority to sign a Cooperative Agreement under the SHARED Project in an amount not to exceed \$13,800,000. Additional funds required to fully fund the Cooperative Agreement will be provided at a later date, subject to the availability of funds. Department of State, Washington, DC 20523-0209

15 Clearances—include typed name, office symbol, telephone number and date for all clearances

A The Project Officer certifies that the specifications in the statement of work or program description are technically adequate	Phone No	B The statement of work or program description lies within the purview of the initiating office and approved agency programs	Date
Stephen T. Norton, PID	Date 25 Aug 90	Robert Mahoney, PAE	27 Aug 90
C Joanne T. Hale, AFS	Date 27 Aug 90	D Funds for the services requested are available	Date
Kenneth R. Rikard, DD	Date 27 Aug 90	Gedi Mughandira, FMO	27 Aug 90

16 For the Cooperating Country: The terms and conditions set forth herein are hereby agreed to

Signature N/A Date

17 For the Agency for International Development

Signature Carol A. Peasley Date 27 Aug 1990

Title Mission Director

ECN:MS00322
RCN:M200327
PE No: 01

8 Aug 90

*See HB 3, Sup. A, App. C, Att B, for preparation instructions. Note: The completed form contains sensitive information whose unauthorized disclosure may subject an employee to disciplinary action.

Stephen F. Callahan, EXO *Callahan 27 Aug 90*

18. Statement of work or program description for this project is described in Attachment No 1

19. Special Provisions

- A. Language Requirements (specify) _____
(If marked, testing must be accomplished by AID to assure desired level of proficiency.)
- B. Access to classified information will will not be required by technical specialists. (Indicate level) _____
- C. Duty post(s) and duration of technical specialist(s) services at post(s) (months) Lilongwe, Malawi, 5 years for Team Leader and 4 years for Financial Manager
- D. Dependents will will not be permitted to accompany technical specialist(s)
- E. Geographic code applicable to procurement under this PIO-T is 000 899 935 941 Other (specify) _____
(If other than authorized in HB 1, Sup B Chap 5, Para 5A1d, attach waiver(s).)
- F. Salary approvals to exceed FS-1 salary ceiling are attached in process N/A.
- G. Cooperating country acceptance of this project (applicable to AID W projects only)
 has been obtained is in process is not applicable to services required by PIO-T.
- H. Justification for use of external resources for consulting services is attached N/A.
- I. Clearance for procurement of ADP equipment, software, and services is attached in process N/A.
- J. OMB approval of any report to be completed by ten or more members of the general public under the statement of work is
 attached in process N/A.
- K. Participant training is is not being funded as part of this PIO/T.
- L. Requirement (contracts only) is recommended for small business set-aside SBA 8(a) Program neither.
- M. Other (specify).

20. Provisions for Logistic Support	IN KIND SUPPLIED BY		FROM LOCAL CURRENCY SUPPLIED BY		TO BE PROVIDED OR ARRANGED BY SUPPLIER	N/A
	AID	COOPERATING COUNTRY	AID	COOPERATING COUNTRY		
A. Specific Items (Insert "X" in applicable column at right. If entry needs qualification insert asterisk and explain below in C. "Comments")						
(1) Office Space					X	
(2) Office Equipment					X	
(3) Housing and Utilities					X	
(4) Furniture					X	
(5) Household Appliances (Stoves, Refrig., etc.)					X	
(6) Transportation in Cooperating Country					X	
(7) Transportation To and From Country					X	
(8) Interpreter Services/Secretarial					X	
(9) Medical Facilities (Health Room)	X*				X	
(10) Vehicles (official)					X	
(11) Travel Arrangements/Tickets					X	
(12) Nightwatchman for Living Quarters					X	
(OTHER SPECIFY)						
(13)						
(14)						
(15)						

* U.S. Embassy Health Unit facilities are available to long-term USAID-financed personnel at \$690 per year inclusive of all medications and supplies, and to short-term personnel at \$25 per visit plus the cost of medications, supplies, etc.

20. Provisions for Logistic Support (Continued)

B. Additional Facilities Available From Other Sources

- Diplomatic pouch
- PX
- Commissary
- Other (specify, e.g., duty free, entry, tax exemption)

C. Comments The maximum weight of enveloped documents is 2 pounds. The maximum weight fo personal enveloped mail is 1 pound. The pouch is not authorized for receipt of merchandise parcels, magazines and newspapers. U.S. Postage stamps are required. I accordance with USAID's bilateral agreement with the Government of Malawi, contracto have duty-free privileges for the first six months in Malawi and, therefore, are eligible to use the U.S. Embassy Commissary during that period.

21. Relationship of Contractor or Participating Agency to Cooperating Country and to AID

A. Relationships and Responsibilities In cooperation with USAID's staff, EIL representatives through the Project Management Unit will work with the Malawian and U.S. NGO/PVO community and the Government of Malawi (GOM)

B. Cooperating Country Liaison Officials
Various NGO and GOM representatives

C. AID Liaison Officials
Joanne T. Hale, Chief, AFS Office
SHARED Project Assistant (to be hired)

22. Background information (additional information useful to authorized agent)

SHARED Project Paper approved August 21, 1990

23. Summary of attachments that accompany the PIO/T (check applicable boxes)

- A. Detailed budget estimate in support of increased funding (Block 12)
- B. Evaluation criteria for competitive procurement (Block 14A)
- C. Justification for procurement by other than full and open competition or noncompetitive assistance
- D. Statement of work or program description (Block 18)
- E. Waiver(s) justification(s), clearance(s), certification(s) (Block 19) (specify number _____)

Scope of Work

ARTICLE I -- Purpose and Project Description

Project Goal and Purposes

The goal of the SHARED Project is to improve the economic well-being of Malawians through increased opportunities for improving their on-farm and off-farm productivity and employment, and improved health.

The Project's purposes are twofold:

- o To expand the amount and increase the impact of development activities of NGOs/PVOs in Malawi in the key areas of agriculture, off-farm employment, and health; and
- o To strengthen the capacity of Malawian NGOs to provide services with positive impact in those sectors.

Detailed Project Description¹

A. Project Management

The Recipient (or "Project Manager") will establish, staff and maintain in Malawi (with appropriate home office support) an operational Project Management Unit (PMU) which will provide support to NGOs and PVOs in Malawi.

The Project Manager, through its PMU and with concurrence of USAID, will establish and maintain structures, systems and procedures related to subgrant approval and administration, as described below.

The PMU also will establish systems and procedures to identify and satisfy NGO/PVO technical assistance and training needs, either through the subgrant mechanisms or by/through the PMU itself, as discussed below.

In general, the PMU must establish and maintain appropriate systems, personnel and procedures required for Project implementation, including the following:

- o USAID, Government of Malawi (GOM) and NGO/PVO relations and liaison

¹ The proposal submitted by the Recipient is incorporated by reference to the extent that it is not inconsistent with this Project Description and other provisions of this Cooperative Agreement. In the event of any inconsistency or uncertainty, the provisions of this Cooperative Agreement shall prevail over the provisions of the Recipient's proposal.

- o financial management, control and reporting (to both USAID and A.I.D./W)
- o staff and personnel management
- o cash management (including subgrant funds disbursement)
- o property management and inventory
- o system for reporting on source and origin procurement requirements under the Development Fund for Africa
- o evaluation system (compatible, for reporting purposes, with USAID/Malawi's Monitoring and Evaluation (M & E) system)
- o a management information system adequate not only for SHARED's own management requirements but also to enable accurate reporting to USAID, including annual special reporting requirements on such themes as microenterprise development and women in development
- o audits (including audits of subgrant recipients, which will be managed by the PMU and funded through the Cooperative Agreement)

The accounting system which the PMU will establish, for its own operations and for subgrant reporting/accounting, must not only be adequate for internal management purposes but also enable accurate reporting to USAID under its Project Accounting Information System (the PAIS). Also, the Project Manager will have to report to A.I.D./W in accordance with the requirements for Letters of Credit.

The PMU will prepare and submit for USAID approval an Annual Workplan. The Annual Workplan will be timed and formatted to include the information required for the Project Manager's semiannual report to USAID. The Annual Workplan will include a comprehensive budget and proposed activities for the coming year, including progress indicators. The PMU will submit quarterly reports to USAID, keyed to the Workplan. (The mid-year quarterly report will include information required by USAID for its semiannual Project Implementation Reports (PIR) system.) The Annual Workplan, and its periodic review with USAID, will be the principal formal instrument of the PMU-USAID collaborative management relationship, and of USAID's "substantial involvement" in the Project.

Prior to the PMU's presentation of its first Workplan for USAID approval, the PMU will undertake its own initial baseline survey of NGO/PVO needs and capacities in Malawi (based on, inter alia, USAID's own data base), particularly with reference to the purposes of the SHARED Project. (Subsequent baseline surveys may also be required for specific geographic or sectoral areas of SHARED involvement. In

addition, the PMU will assist its "client" NGOs in developing a capacity for collecting baseline data for their own projects.) Its initial survey will build upon a series of other NGO sector studies over the past two years in Malawi. Either as part of this survey process or independently, the PMU will stage at least three regional "familiarization" workshops with NGOs, PVOs, community leaders and GOM. The purpose of these workshops will be to acquaint the participants with the aims of SHARED and to draw upon their interests and experience in formulating the implementation details of SHARED.

USAID will engage a full-time personal services contractor (PSC) under a separate agreement to assist the PMU in Project implementation and to monitor Project performance and impact on behalf of USAID. This assistance will include processing matters (such as subgrant approvals) through USAID, and assisting the PMU (and USAID) in establishing compatibility in information and reporting requirements. USAID will help facilitate the PMU's relationship with the GOM and other involved donors. The USAID PSC will also arrange, in coordination with the PMU, for the audits and evaluations of the PMU and the overall Cooperative Agreement.

B. Project Activities

The principal Project activities will center on subgrant funding and related technical assistance and training to increase the capacity and impact of Malawian NGOs working in key sectors of health, agriculture, and off-farm employment.

1. Subgrant Funding

(a) In General

The subgrant function will include establishing the eligibility of the NGO/PVO applying for the subgrant, determining the suitability of the NGO project itself for SHARED funding, and processing and administering the subgrants.

There will be subgrants supporting institutional development of Malawian NGOs. These institutional development subgrants will be in the range of \$10,000 to \$100,000 each, and will have terms of up to approximately 2 years. The institutional development subgrants may be supplemented (or, at times, preceded) by technical assistance and training provided by the PMU.

There will also be subgrants supporting NGO/PVO development activities in the key sectors covered by SHARED.

(i) In the case of Malawian NGOs, these subgrants will be in the range of \$100,000 to \$400,000 each, with terms of approximately 3 to 5 years.

(ii) In the case of U.S. or other international PVOs², these development activities subgrants will be in the range of \$500,000 to \$1,000,000, also with terms of approximately 3 to 5 years. In this case, it is expected that each development activities subgrant would have a significant component consisting of support for institutional development of one or more Malawian NGOs. While "significant" is difficult to define, one test might be whether the NGO institutional development component of the PVO's subgrant can be evaluated at the Malawian NGO institutional level as described in Article V, section C.2 below.

The resources available through the Project, and particularly the funds available for subgrants, will be allocated with reference to certain Project targets and not just on a case-by-case basis. While not susceptible to precise mathematical definition, a balance should be struck among the following targets:

(i) Of the total resources available through the Project (subgrant funding, technical assistance and training), the amount available for Malawian NGOs should be approximately twice that available for the U.S. or other international PVOs. In gauging whether this target is being met, the portions of development activities subgrants to the U.S. or other international PVOs aimed at strengthening Malawian NGOs will be treated as if they were "available" for Malawian NGOs.

(ii) To the maximum extent possible, some reasonable balance among the country's three Regions should be struck. While this does not mean allocating resources evenly among the Regions, effort must be made to determine some regional balance based upon such factors as population size and relative needs.

(iii) Subject to further refinement as part of preparation of the PMU's first and subsequent Annual Workplans, there should be an approximate allocation of resources among the following sectoral categories. The PMU will solicit NGO proposals, if necessary, to achieve the desired balance between these categories. An illustrative initial target distribution is:

-- Health	25%
-- Agriculture	25%
-- Off-farm employment	25%
-- Other	25%

² Priority should be given to U.S. PVOs. Other international PVOs should be considered only on an exceptional basis when they would bring something to the Project not readily available from a U.S. PVO.

(b) Subgrantee Eligibility

(i) Eligibility for Development Activities Subgrants

Although not legally required, U.S. and international PVOs seeking SHARED development activities subgrants must have A.I.D./Washington PVO registration. While local NGO subgrantees will not be required to register with A.I.D./Washington or USAID/Malawi, the PMU will establish (with USAID concurrence) its own eligibility requirements, generally patterned after the A.I.D. registration requirements. These would include:

- o document of the NGO's legal status and GOM registration
- o evidence of non-GOM financial support
- o evidence that the NGO is engaged in voluntary, charitable, or development assistance work
- o demonstration that it is a non-governmental organization (although the PMU/USAID may, in special circumstances, consider funding erstwhile parastatals for the explicit purpose of reconstituting them as NGOs)
- o adequacy of systems to manage properly and account for receipt and expenditures of subgrant funds, and an annual (audited) financial statement
- o an active, responsible governing Board
- o not engaged exclusively in religious activities

(ii) Eligibility for Institutional Development Subgrants

Only Malawian NGOs will be eligible for institutional development subgrants. The intention of this subgrant category is to encourage Malawian NGOs to identify their own institutional needs and seek SHARED financial support to meet those needs. The institutional development subgrants will be much smaller and for shorter term than the development activities subgrants. Also, just as the SHARED subgrants for institutional development support will be customized to the specific level of maturity of the applicant organization, so also the eligibility requirements must be flexible. For example, an NGO might require SHARED financial support for the NGO to be able to secure the financial management capacity to be subsequently eligible for development activities subgrant funding.

It will be a function of the SHARED PMU to encourage and assist Malawian NGOs to reach the level of institutional maturity so that they will be eligible for SHARED development activities subgrant

funding in the targeted sectors.

(c) Subgrant Processing and Administration

(i) Development Activities Subgrants

The subgrant approval process will proceed on the basis of collaboration between the PMU and the NGO applicant. Applicants will first submit a short concept paper, along with a written acknowledgement of and acceptance by the GOM of the NGO's proposed activities, for preliminary discussion with PMU staff. If the concept presented falls within SHARED's areas of interest and guidelines, the subgrant applicant will be invited to develop a full proposal. As warranted, the PMU will assist the applicant in developing a full-scale proposal, including an Initial Environmental Examination (IEE), when necessary. USAID will provide additional guidance on environmental concerns. The recipient is expected to work with USAID to develop environmental procedures and guidance. It is likely that for some NGOs, the collaborative application process will identify areas of NGO institutional strengthening that should be undertaken prior to or as part of the subgrant activity.

It is an aim of SHARED to increase the extent of NGO/PVO work in the targeted areas, to help enable NGOs to increase the impact of the development activities in which they engage, and to contribute to the collective strengthening of the institutional capacity of the Malawian NGO sector. Thus, the criteria for approval of subgrants should be viewed as elements which SHARED hopes to promote in NGO projects, and not be viewed simply as bases for approval or disapproval of subgrant applications.

The criteria which the PMU will be called upon to apply for subgrant approval will be drawn from among the following non-prioritized illustrative list. Additional sectoral-specific criteria also may be developed by USAID in conjunction with the PMU.

- o The project must be within the key development areas which are SHARED's focus, that is, agriculture, off-farm employment, health and other areas which may be identified during the life of the Project.
- o The proposal must provide achievable plans for successful project administration and financial management.
- o The proposal supports the creation and strengthening of an indigenous NGO community.
- o The proposal must demonstrate technical and environmental soundness.
- o The proposal must reflect a plan for monitoring, evaluating and reporting on the project's progress and impact, particularly

"people-level" impacts, including gender-disaggregated data.

- o To the extent practicable, the project should focus on expanding female participation.
- o For local NGOs, there should usually be an institutional development feature to each proposal.
- o For U.S. PVOs, there should be an NGO collaborative element through which a local NGO will be created or strengthened; if not, why not?
- o Where there is this collaborative element, proposals must detail the phase-out of U.S. PVO support.
- o The proposals for community-based projects must reflect not only genuine beneficiary participation in the project's development, but also attainable levels of sustainability.
- o Proposals will be favored which demonstrate innovation, experimentation and creativity.
- o There must be evidence (as described elsewhere) that the GOM has acknowledged the project or that GOM recognition of this specific project is not required (for example, when an NGO or PVO has general program authorization with freedom to include this particular project).
- o Proposals must demonstrate the extent to which the NGO is committing its own resources, whether in-kind or cash.
- o Proposals should demonstrate the project's complementarity, if any, with other USAID projects.
- o Proposals must demonstrate that the project will not become a recurrent cost burden of the GOM.
- o For U.S. PVOs, proposals from eligible "Disadvantaged Enterprises" (as defined in applicable U.S. legislation and A.I.D. regulations) will be favored and should be encouraged by the PMU.
- o Proposals should be environmentally sound.

With USAID concurrence, the PMU may establish an outside advisory committee or review board (which could include GOM representation) to assist it in assessing subgrant applications. However, PMU must assume for itself, and not delegate to an independent authority, the responsibility to determine which subgrants warrant funding. In addition, PMU decisions to approve subgrants must have USAID concurrence, following procedures to be established by the PMU with USAID. Consideration will be given, however, to establishing a

minimum cost threshold and other general parameters for subgrants which would require USAID's concurrence.

The PMU will develop subgrant documentation including the following provisions:

- o project description, objectives, and progress and impact indicators
- o funding, disbursement schedule
- o requirement that subgrantee maintain appropriate books, records, documents, as well as accounting practices and procedures sufficient to reflect use of funds only for approved subgrant purposes
- o monitoring and evaluation plan
- o program reporting (including impact data)
- o financial reporting
- o auditability (including USAID right of access)

(ii) Institutional Development Subgrants

A major responsibility of the Project Manager, through the PMU, will be to assist NGOs and PVOs diagnose their institutional needs, and then identify accessible and affordable technical assistance and training for institutional development and strengthening. In determining possible sites for training, the following order of preference will be followed (subject, of course, to meeting the specific training needs):

- training in Malawi,
- training in Africa, preferably in Southern or East Africa, or other developing countries,
- training in the United States.

When agreement is reached between an NGO and the PMU on possible institutional development inputs, an institutional development subgrant can be considered. These institutional subgrants will be available only for the Malawian NGOs.

Areas of technical assistance most likely to be of value to NGOs in Malawi, and which are likely to be funded by the institutional development subgrants, would include the following:

- o financial management (including budgeting) and program management

- o program design, planning
- o monitoring of project inputs
- o evaluation of project impact
- o organizational self-assessment (including setting priorities, determining staffing needs, etc.)
- o strategic planning (going beyond grant-to-grant existence)
- o personnel policies and management
- o preparation of persuasive funding proposals, yet consistent with sound program planning

2. PMU Technical Assistance and Training Functions

The PMU will provide or arrange for technical assistance and training for individual NGOs or groups of NGOs, which will be provided independently of subgrant funding. This support may consist of workshops, consultancies, training sessions, materials and information (and information systems), or constructive linkages for mutual sharing and support within the NGO sector itself.

Generally, this independent technical assistance and training will be provided with a view to subsequent NGO qualification for an institutional development subgrant and/or a development activities subgrant under the Project.

While the PMU will remain responsive to NGO initiatives for strengthening, the PMU may also take initiatives of its own to stimulate a qualitative and quantitative expansion of the NGO community in Malawi. Such PMU-initiated efforts might even include an activist role in promoting the formation of new and different NGOs to meet certain needs within the framework of SHARED but which are beyond the foreseeable scope of existing NGOs.

As part of its support to strengthen the NGO community in Malawi and staying within its sectoral focus, the PMU will engage in or sponsor, preferably through NGOs and PVOs, action research which will contribute to attainment of the Project's purposes. For example, the PMU could sponsor research from within SHARED's own project portfolio on effective counters to gender constraints to small-scale off-farm employment.

The PMU will undertake to communicate to the Malawian NGO community and GOM lessons learned from the SHARED activities. Such research and communications by SHARED should also contribute to the NGO dialogue with Government to ensure a more enabling environment for NGOs' contributions to national development.

C. Financial Controls

Accurate financial control and reporting on all dollar and local currency expenditures to USAID will be the responsibility of the PMU. USAID will work closely with the PMU in reviewing and approving the PMU's accounting and financial control system as part of the Project Startup stage. This control system is of fundamental importance to the success of the Project, and the Project Manager/PMU performance in this area will be one of the most important elements for satisfactory Project management. In selecting the Recipient of the Cooperative Agreement, the USAID Proposal Review Committee closely analyzed the applicant's available and committed capacity in this area.

D. Implementation Plan

Project implementation will be the responsibility principally of the PMU, supported by the Project Manager's home office. The USAID Project Assistant, employed under a PSC, will have responsibilities in assisting in Project startup, monitoring, evaluation, audit and liaison generally between the PMU and USAID.

There will be four distinct Project stages starting from the date of Project approval through the five-year length of this Agreement. (It is anticipated that this Agreement will be extended to cover the full nine-year period of the Project, subject to regulations and statutory restrictions and the availability of funds. The extension would, depending upon the results of evaluations, include continuation of any Stage Four activities plus a Stage Five and a Project phase-down closeout period.) The Stages³ as discussed below are:

Stage One: Pre-Startup (2 months)

Stage Two: Project Startup (4 months)

Stage Three: Project Operations, Phase I (or "Shakedown" Phase)
(1 year)

Stage Four: Project Operations, Phase II (3 years)

1. Stage One: Pre-Startup (2 months)

The Pre-Startup Stage begins when the Cooperative Agreement is signed by the Mission Director. By this time, USAID will be in the

³ While expected to be adhered to, the time frames are approximate. The Recipient is expected to confer with USAID if, during implementation, some modification of the Stages is deemed appropriate or necessary.

process of recruiting the PSC who will be sought locally within the American and Malawian community before pursuing external recruitment. The Cooperative Agreement recipient will begin mobilization as well.

The USAID PSC will commence work around the time that the Project Manager fields its staff for the PMU. The PSC's initial activities will be familiarizing her/himself with the Project context, background and elements, with the USAID Mission portfolio (particularly as related to or likely affected by SHARED), and facilitating the PMU staff arrival and establishment. Depending upon the expected timing of the PMU staff, the PSC may also, in coordination with the Project Manager's home office, facilitate the procurement of vehicles, equipment, furniture, and other Project-related commodities. The PSC will take such other preliminary actions as practical and useful to enable prompt startup activities.

2. Stage Two: Project Startup (4 months)

This stage begins when the first expatriate PMU staff member arrives in Malawi (anticipated within 2 months of the Cooperative Agreement's signing). The principal activities during this stage will be:

1. Arrival of all permanent PMU expatriate staff
2. Hiring of PMU local staff
3. PMU established, equipped and mobilized, and administrative, management and financial systems put in place
4. NGO/GOM familiarization workshops conducted
5. Expanded NGO demand/need analysis conducted
6. Establishment of inventory control systems, financial management systems and controls, and PMU monitoring and reporting systems
7. Preparation and presentation of initial Annual Workplan and budget within the first 3 months. The Workplan will include, for USAID concurrence, the final version of criteria/procedures for determining NGO/PVO Project eligibility, procedures and documentation for subgrant approval and format (instrument) for subgrants, final subgrant selection criteria, and proposal review, approval and oversight process.

3. Stage Three: Project Operations, Phase I (1 year)

Stage Three will commence with the approval by USAID and effective date of the First Annual Workplan. This will be a "shakedown" phase to test the Project hypotheses and systems, and to commence the subgrant, technical assistance and training activities to be supported by the Project. For purposes of an implementation plan, it is assumed that development activities and institutional development subgrants and technical assistance/training activities will be approved on a rolling, as-ready basis. If deemed more efficient, however, development activities and/or institutional development subgrants may be reviewed and approved on a quarterly or other periodic basis.

The "shakedown" phase will last only 1 year, and during its last quarter there will be an internal Project review (by PMU and USAID, possibly with some external assistance), but not a full Project evaluation. This review will look more at the functioning of Project systems and will not undertake project or subproject impact assessment. The results of the "shakedown" review will be incorporated into the Annual Workplan for the second year of full Project operations.

The principal activities during Stage Three will be:

1. Local registration of eligible NGOs/PVOs
2. NGO/PVO-PMU collaborative development of subgrant proposals and, if required, IEEs
3. Submission to and acknowledgement by appropriate GOM authorities of development activities proposals
4. PMU review and approval of subgrant proposals (with USAID concurrence for proposals above funding and nature-of-proposal thresholds)
5. Ongoing collaborative determination of targeted technical assistance and training needs
6. Ongoing monitoring, evaluation and auditing of subgrants
7. Ongoing research and communications activities
8. Reporting to USAID on quarterly and annual basis, and development of Second Annual Workplan and budget
9. Ongoing maintenance of financial and management systems and controls
10. Participation in financial compliance audit, if any, as arranged by USAID

4. Stage Four: Project Operations, Phase II (3 years)

This stage will commence with the approval by USAID and effective date of the Second Annual Workplan.

The activities during this period will include all of the items listed in Stage Three. This stage, however, also will include additional activities number 11 and 12:

11. During the last six months of this phase, participation in a full-scale evaluation as determined and arranged by USAID, including possible Project design adjustments as agreed with USAID (if it is determined to extend the Cooperative Agreement).
12. Localization of Financial Manager or equivalent position

ARTICLE II -- Funds Obligated, Payment, Estimated Cost and Cost Sharing

A. Funds Obligated

The amount obligated by this Agreement is \$4,900,000. Additional funds in the amount of \$5,100,000 are anticipated to be made available over the period of the Agreement, subject to the availability of funds and to the requirements of the Standard Provision entitled "Revision of Grant Budget."

B. Payment

Payment shall be made to the Recipient in accordance with the procedures set forth in the Standard Provision entitled "Payment - Letter of Credit."

C. Estimated Cost and Cost Sharing

The total estimated contribution by A.I.D. is \$10,000,000, subject to the availability of funds. The total estimated non-A.I.D. contribution is as shown in the Financial Plan.

ARTICLE III -- Substantial Involvement Understandings

It is anticipated that performance of the Cooperative Agreement requires substantial involvement by A.I.D. Specific areas of involvement include, but are not limited to, the following list which may be amended:

- 1) Review and approval of all "development activities" subgrants

to U.S. and international PVOs;

- 2) Review and approval of "development activities" subgrants to local NGOs where the A.I.D. contribution exceeds \$200,000;
- 3) Review and approval of "institutional strengthening" subgrants to local NGOs where the A.I.D. contribution exceeds \$25,000;
- 4) Review and approval of the Initial Environmental Examination for all subgrant projects not already covered under USAID's Categorical Exclusion;
- 5) Review and approval of "institutional strengthening" and "development activities" subgrants eligibility criteria;
- 6) Concurrence in the hiring and replacement and the right to request removal of key personnel (which includes all long-term expatriate personnel);
- 7) Review and approval of Annual Workplans;
- 8) Review and approval of technical assistance activities in excess of \$10,000 (or local currency equivalent) for local consultancies and in excess of \$25,000 for consultancies from sources outside of Malawi. The Recipient will advise USAID in advance, however, on all consultants coming into Malawi; and
- 9) Review and approval of the Recipient's monitoring and evaluation system.

ARTICLE IV -- Period of Agreement

The period of this Agreement shall extend from the effective date set forth in the cover letter through August 27, 1995. It is anticipated that the Agreement will be extended in the future, subject to applicable statutes and regulations and the availability of funds, to cover the nine-year life of the SHARED Project. Funds obligated hereunder are available for program expenditures for the estimated period August 28, 1990 to August 27, 1995 as shown in the Financial Plan.

ARTICLE V -- Reports, Evaluations and Audits

A. General Description

The Project will incorporate a joint monitoring and evaluation plan. This reflects current A.I.D. guidance requiring projects and programs to base monitoring and reporting systems on information needs for specific decisions and to demonstrate "people-level" impacts. The

evaluation system will reflect ongoing information gathering in the Project by the PMU and by subgrantees.

The PMU will have primary responsibility for securing information on subgrant project progress, on financial accountability and impact of funded activities undertaken by subgrantees. Requirements for the nature of subgrantee record keeping, reporting, evaluation and audit will be an integral part of the subgrant negotiations and documentation. Ability of subgrantees to comply with monitoring and evaluation systems will be one measure both of their institutional development as well as of the PMU's management performance.

During the Project Startup and Phase I of Project Operations Stages, the PMU will design and put into place a computerized project management information system (MIS), keyed to USAID's monitoring and evaluation system (M&E), and rely upon this for all regular and special reporting/monitoring needs. Properly established and administered, the PMU's MIS, with PMU staff, can also be a learning center for NGOs in establishing and maintaining their own MIS capacity. For smaller NGOs, or for isolated projects, the PMU's MIS hardware and software may be made available to meet specific NGO needs.

The PMU will secure baseline information on beneficiaries and targets for each development activities subgrant as well as for institutional development subgrants. Illustrative indicators are discussed below in subsection C. For reasons of cost efficiency, rapid reconnaissance studies (e.g. by sample communities) will be employed. Recipients of SHARED subgrants will be required to report quarterly to the PMU on progress toward objectives, with these reports timed to coincide with the PMU's own management surveillance and reporting to USAID requirements. Promptness and completeness of subgrant project and financial reporting will be a factor in assessing NGO institutional strength; this will also be a factor in PMU determination on whether planned quarterly financial disbursements are warranted.

In some cases, as determined by the PMU, pre-award examination of financial systems by the PMU will be necessary to identify financial management training needs and whether there are problem areas warranting closer scrutiny prior to awarding a requested subgrant. Amount, terms and timing of subgrant funds disbursement will depend upon disciplined PMU assessment of subgrantee financial management capacity, systems and personnel.

The USAID semiannual Project Implementation Reports (PIR) on the Project and its subgrant projects should be based upon the MIS and reporting systems of the PMU. A major responsibility of the USAID PSC Project Assistant will be to work with the PMU in melding the SHARED and USAID MIS/M&E systems.

In addition to the financial reporting requirements of the Standard Provision entitled "Payment - Letter of Credit," the Recipient will

submit directly to the Controller, USAID/Malawi a copy of its "Financial Status Report" (SF-269) along with a copy of a comprehensive financial report, preferably on a monthly basis. The format and timing of the financial report shall be agreed to during the Project Startup Stage.

B. Schedule

The reporting/evaluation requirements of the entire nine years of the SHARED Project will be approximately as follows:

REPORTING/EVALUATION

<u>Study/Report</u>		<u>Timing/Frequency</u>
Specific NGO demand/ need analysis	PMU study	Project Startup
Specific baseline studies	PMU &/or subgrant applicants	Prior to sub- grant approval
SHARED progress (brief)	PMU to USAID	Quarterly
Project Implementation Report (comprehensive)	PMU to USAID	Semiannually
Subgrant progress	NGO/PVO to PMU	Quarterly
Financial	PMU to USAID	Quarterly
Financial	NGO/PVO to PMU	Quarterly
"Shakedown" review	USAID/PMU	End of Stage 3
Full evaluation	USAID/PMU	End of Stage 4
Full evaluation	USAID/PMU	End of Stage 5
Evaluation of subgrants	PMU/NGO/PVO	Regular, as per subgrants
Audit of NGO/PVO	Audit firm/PMU	Pre-award, if necessary; every 2 years; end of subgrant project, if appropriate
Audit of PMU	Audit firm/USAID	End of Stages 3 and 4 and end of Project

Copies of the progress and project implementation reports will also be sent to the GOM. The semiannual reports should contain a description of the source and origin of goods and services procured with Agreement funds.

C. Monitoring and Evaluation Levels

Monitoring and evaluation of the Project will take place on four different levels:

1. Community/Beneficiary Level

The PMU will have responsibility to ensure that the baseline studies and MIS (of subgrantees and PMU) are sufficient to measure beneficiary impact. The Project purposes at the beneficiary level include direct impact on the symptoms of poverty as well as the capacity of the community to address its needs in a sustainable way. Thus, subgrantee (and PMU) indicators at the community/beneficiary level could include:

- specific indicators with respect to the subgrant sectoral areas (e.g., increased number of persons receiving AIDS information, increased employment or self-employment opportunities, improved agricultural production for subsistence and marketing, etc.). Gender-related statistics will be collected in all instances.
- number of communities able to design, plan and implement their own sustainable development activities as a result of NGO support

2. NGO Institutional Level

The annual reports (incorporated into the Annual Workplans) by the PMU to USAID will analyze NGO institutional strength and performance as a result of one or a combination of SHARED interventions through a development activities subgrant, an institutional development subgrant, or technical assistance and training independently of subgrant funding. While for monitoring purposes it will be necessary for the PMU to segregate among these different forms of intervention, it will be no less important for the PMU to look at its "client" NGOs as a whole and not just as a periodic customer.

The NGO institutional strengthening objectives of SHARED can draw upon the following illustrative progress indicators:

- financial and/or program viability of subgrant projects managed by the NGO
- timeliness and accuracy in reporting
- adoption of budgeting, planning, workplan-oriented

project/program systems

- success in meeting budget and planning targets
- use of evaluation as a management and planning tool
- adoption of strategic planning approaches
- increased demand by communities for NGO development activities
- requests by GOM for increased NGO involvement in development activities
- increased donor support for NGO development activities
- generation of Malawian sources of financial support
- generation of non-grant funding support

3. U.S. and International PVO Program Performance Levels

SHARED development activities subgrants awarded to U.S. or other international PVOs will have as an essential element the institutional strengthening of one or more Malawian NGO partners in each such subgrant project. Thus, for the U.S. or international PVOs, in addition to the community/beneficiary level impact assessments of subsection C.1 above, there also will be the institutional strengthening level assessments of subsection C.2.

4. Monitoring and Evaluation of the PMU

As part of its initial Annual Workplan to be developed during the Project Startup Stage, the PMU will develop and secure USAID concurrence (so as to be compatible with its M&E system) on the progress indicators to be contained in the regular quarterly reports and Annual Workplan reviews and evaluations.

D. Financial Reviews and Audits

As indicated in the Reporting/Evaluation Schedule above, financial reviews and audits will occur at two levels within the Project and will be managed differently.

1. Project Manager and PMU

An initial review of the financial controls and accounting procedures and systems of the Recipient was undertaken during the selection of the Recipient. In addition, the Recipient may be requested to provide additional financial information such as copies of previous audits on their other A.I.D.-financed activities, if any,

ARTICLE VIII -- Special Provisions

1. Authorized Geographic Code. The Recipient shall comply with paragraph (b)(1) of the Standard Provision entitled "A.I.D. Eligibility Rules for Goods and Services." Paragraph (b)(2) of said Standard Provision does not apply to this Cooperative Agreement.
2. Title to Property. Title to property will vest in the Recipient (EIL) pursuant to the Standard Provision entitled "Title to and Use of Property (Grantee Title)," except that title to property will vest in the recipients of subgrants for property purchased under subgrants.
3. Local Cost Financing. The Standard Provision entitled "Local Cost Financing" is applicable to this Agreement and is authorized for expenditures not to exceed \$6,000,000 during the performance of this Agreement without prior Agreement Officer approval.
4. Cost Sharing. Paragraph (a) of the Standard Provision entitled "Cost Sharing (Matching)" is deleted and replaced with: "The Recipient agrees to expend from non-Federal funds an amount equal to that specified in the budget."

ARTICLE IX -- Standard Provisions

The Standard Provisions contained in Attachment No. 2 are applicable to this Agreement with the exceptions noted above.

Financial Plan
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<u>Cost Element</u> ¹	<u>This</u> <u>Obligation</u> ²	<u>Anticipated</u> <u>Future Obligations</u> ³	<u>Anticipated</u> <u>5-Year Budget</u>
1. Project Management Unit and Home Office Support ⁴	2,115	2,200	4,315
2. PVO/NGO Subgrants ⁵	<u>2,785</u>	<u>2,900</u>	<u>5,685</u>
Total	4,900	5,100	10,000

¹ Does not include non-A.I.D. contributions from the Recipient, U.S. PVOs, Malawian NGOs, community groups and the GOM. While A.I.D.'s 25% non-A.I.D. contribution requirement has been reduced for the SHARED Project, all of the preceding parties are expected to make in-kind and possibly cash contributions. The Recipient's in-kind contributions (possibly in the form of scholarships, training, workshops and home office support) are anticipated to be approximately \$130,000 over the 5-year period. The U.S. PVOs', Malawian NGOs' and community groups' contributions will be identified in the subgrant proposals. The GOM contribution which is estimated to be at least \$200,000 is identified in the Limited Scope Grant Agreement between USAID/Malawi and the GOM.

² Any adjustments in the budgetary allocations will require the advance written approval of USAID/Malawi.

³ Subject to the availability of funds.

⁴ Includes salaries and wages, fringe benefits, allowances, all training and technical assistance provided by the Recipient, travel and transportation, non-expendable equipment, Recipient's subagreements, other direct costs and indirect costs.

⁵ Includes both "institutional development" and "development activities" subgrants.

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