

From: M/OP/ENI/NIS: L. Lam

I. OBLIGATION: PIO/T Number 180-0023.65-3-562207 Partial Final
PIO/T Number _____ Partial Final
PIO/T Number _____ Partial Final

If final obligation, the Office of Procurement (OP) has no objection to the dereserving of any remaining funds.

II. DOCUMENT IDENTIFICATION/INFORMATION: PD FEI 084

a) Document Number: 2PE-0023-G-00-5067-00 Mod. No. _____
b) Increment funding action: Yes No ENTERED
c) Buy-in: Yes No
d) Document has been transmitted to recipient/grantee for signature.
Date Transmitted: 5/10/95 .1111 31 1995
e) Method of Financing: (check only one)
 Letter of Credit
 Periodic Advance Direct Reimbursement Section

III. FM DISTRIBUTION:

- FM/A/PA, Rose Anderson, Room 612; SA-2: One original signed copy for recording the obligation.
- FM/A/OE, Richard Hemphill, Room 612; SA-2: One original signed copy for recording the obligation.
- FM/CMPD/DC, Room 700; SA-2: One copy for FM paying office.
- FM/CMPD/LOC, Room 700; SA-2; One copy for LOC Office.

IV. TECHNICAL OFFICE/MISSION/CONTRACTOR DISTRIBUTION:

- Technical Office: ENI/EDISB, J. HARKEN SA-15 Rm 3002
(office symbol, name, rm., & bld#)
- Mission(s): _____
[Capital(s)/Country(ies)]
- Program Office: ENI/PCS/B, Norman Jean Freeland, 3327A, NS
- Contractor 01 Mailed: 5/10

V. OP DISTRIBUTION:

- CIMS STAFF, Room 1569 SA-14
OP/PS/SUP copy of all documents including final assistance document signed by all parties. (Plus a copy of the PIO/T facesheet.)

Copy of this form goes with each copy of the document distributed and one copy remains in the official file.

Sharon L. Zawestocki
Sharon L. Zawestocki
M/OP/ENI/NIS, Branch Chief

5/19/95
Date

USAID



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

MAY 10 1995

Dennis Ripley
Executive Vice President
Opportunity International
30 West Butterfield Road
Suite 110
Elm Hurst, IL 60126

Subject: Grant Number EPE-0023-G-00-5067-00

Dear Mr. Ripley:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the U.S. Agency for International Development (hereinafter referred to as "USAID" or "Grantor") hereby awards to the Opportunity International (herein after referred to as "Opportunity" or "Recipient"), the sum of \$2,053,460 to support a program in Technical Assistance to Enterprise Project as described in the Schedule of this grant and the 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 August 30, 1999. USAID shall not be liable for reimbursing the Grantee for any costs in excess of the obligated amount.

This grant is made to Opportunity, on the condition that the funds will be administered in accordance with the terms and conditions as set forth in 22 CFR 226, entitled "Administration of Assistance Awards to U.S. Non-Governmental Organizations"; Attachment 1, entitled "Schedule"; Attachment 2, entitled "Program Description"; and Attachment 3 entitled "Standard Provisions."

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,



Stephen A. Dean
Grant Officer
M/OP/ENI

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions

ACKNOWLEDGED:

Opportunity International

By: Dee W. Ryly

Title: Executive Vice President

Date: 5/18/95

FISCAL DATA

A. GENERAL

1. Total Estimated USAID Amount: \$2,053,460
2. Total Obligated USAID Amount: \$ 585,000
3. Cost-Sharing Amount (Non-Federal): \$684,423
4. Total Program Amount: \$2,737,883
4. Project Number: 180-0023.65
5. USAID Project Office: ENI/ED/SB, Jean Hacken
6. Tax I.D. Number: 54-0907624
7. CEC Number: 12331231D
8. LOC Number: 72-001319

B. SPECIFIC

1. PIO/T Number: 180-0023.65-3-5622571
2. Appropriation: 72X1010
3. Allocation: 184-62-165-00-69-51
4. BPC: WAIX-95-32165-KG15

Funding Source: USAID/W

ATTACHMENT 1

A. Purpose of Grant

The purpose of this Grant is to provide support for the program described in Attachment 2 to this Grant entitled "Program Description."

B. Period of Grant

1. The effective date of this Grant is the date of the Grant Officer's signature. The estimated completion date of this Grant is August 30, 1999.

2. Funds obligated hereunder are available for program expenditures for the estimated period of the Grant Officer's signature to March 30, 1996 as shown in the Agreement budget in Section D. Budget. Notwithstanding the estimated completion date of this grant, the Project Authorization Completion Date (PACD) presently expires September 30, 1997. Until the PACD is extended, costs incurred by the grantee are not reimbursable beyond the current PACD.

C. Amount of Award and Payment

1. The total estimated amount of this Award for the period shown in B.1 above is \$2,053,460.

2. USAID hereby obligates the amount of \$585,000 for program expenditures during the period set forth in B.2. above and as shown in the Budget below.

3. Payment shall be made to the Grantee by Reimbursement in accordance with procedures set forth in 22 CFR 226.22.

4. Additional funds up to the total amount of the grant shown in C.1 above may be obligated by USAID subject to the availability of funds, and the requirements of 22 CFR 226.25, "Revision of Grant Budget and Program Plans".

D. Budget

The following is the Grant Budget, including local cost financing items, if authorized. Revisions to this budget shall be made in accordance with 22 CFR 226.25 entitled "Revision of Grant Budget and Program Plans."

4

Cost Element	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Total Funding</u>
Personnel	\$157,325	\$ 187,750	\$184,188	\$177,476	\$ 706,730
Loan Capital	320,000	751,000	335,000	44,000	1,450,000
Other Direct Costs	123,500	54,313	64,249	47,500	289,562
Monitoring/Evaluation		12,000		12,000	24,000
Indirect Costs	<u>70,206</u>	<u>66,016</u>	<u>62,109</u>	<u>59,245</u>	<u>257,576</u>
Total Program	\$671,032	\$1,081,079	\$645,546	\$340,226	\$2,737,883
Total USAID Funding	\$576,969	926,666	\$441,411	\$108,414	\$2,053,460
Total OI Funding	\$ 94,063	154,413	\$204,135	\$231,812	\$ 684,423

E. Reporting and Evaluation

1. Financial Reporting

In keeping with the requirements established in 22 CFR 226.52, the Grantee shall submit an original and one copy of quarterly financial statements to the Project Officer specified in the cover letter and M/FM/CMPD, Room 700 SA-2, Washington DC 20523-0209. These reports shall be submitted within 30 days following the end of the reporting period. A final SF-270 shall be submitted within 60 days after the conclusion of the award.

2. Program Reporting

The Grantee shall submit an original and one copy of a quarterly performance report to the Project Officer. Program Reports shall include the information requested in 22 CFR 226.51 and as described in the Program Description.

3. Final Report

Within 90 days following the estimated completion date of this Grant, the Grantee shall submit the original and one (1) copy of the a final report to the USAID Project Office. In addition, one (1) copy shall be submitted to USAID, CDIE/DI, Washington, DC 2052301802. It will cover the entire period of the Grant and include all information shown in 22 CFR 226.51.

F. Special Provisions

Authorized Geographic Code

The authorized source for procurement of all goods and services to be reimbursed under the grant is United States (USAID Geographic Code 000) and the cooperating country.

5

G. Indirect Cost Rate

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

<u>Description</u>	<u>Rate</u>	<u>Base</u>	<u>Period</u>
Provisional	26%	Total Direct Cost	1/1/92 - Until Amended

H. Title to Property

Title to property shall remain with the Grantee.

I. Authorized Geographic Code

The authorized geographic code for procurement of goods and services under this grant is 000 and cooperating country.

J. Cost Sharing

The Grantee agrees to expend an amount not less than 25% of the total Federal contribution.

K. Program Income

The Grantee shall account for Program Income in accordance with 22 CFR 226.24.

Program Income earned under this award shall be applied and used in the following descending order as established in accordance with 22 CFR 226.24: 1) added to the Project; 2) used to finance the non-Federal share; or 3) deducted from the total Federal share.

PROGRAM DESCRIPTION

A. SUMMARY

Opportunity International proposes to implement a nation-wide, sustainable micro credit program targeted to small and microbusinesses. The program will provide credit ranging from \$1,000 to \$20,000 to microenterprises and small businesses for short-term working capital and long-term financing of hard assets.

B. GOAL

The goal of the project is for the microenterprise development (MED) agency to be economically viable in three to six years.

C. OBJECTIVES OF MED

1. Establishment of a micro credit program. The financing provided by the MED will assist the needs of the growing micro business sector. In Macedonia, the greatest credit needs exist for purchase of durable assets, and secondarily, for working capital. The financing will help meet the needs of the growing micro business sector.
2. Provision of microbusiness support services. This component will support the emerging private sector through the provision of training, consulting, seminars, peer consulting, and business networking.

D. PROJECT DESCRIPTION

1. Microbusiness Credit Program

In Macedonia, there is a great need for new credit sources and institutions, as well as a need for additional capacity to serve the emerging private sector. It is believed that the models and methods that Opportunity International has used in other countries will work well in Macedonia.

Opportunity will identify a local board of directors to begin the establishment of a MED agency in Macedonia. The board of directors will register and name the organization, open offices and hire staff. Opportunity will provide credit and microenterprise development training to the agency staff, assisted by loan officers and board members from the MED agency in Bulgaria. The participation of the Bulgarian staff with the establishment of the Macedonia facility is expected to prove exceptionally effective based on the similarity of the Bulgarian and Macedonian languages, the parallel products and client bases, and the demonstrated success of the Bulgarian program.

While the need for credit and technical assistance exists among all sizes of businesses, this program will focus on the microbusiness sector. In Macedonia, this sector has an unfilled need for credit between \$1,000-\$20,000. Loans of this size allow businesses to move beyond economic survival activities to sustainable business ventures. Presently there appears to be no other organization filling this need in Macedonia.

Based on the needs of Macedonia and experience in other parts of Central and Eastern Europe, credits will initially be dollarized and carry an annual simple interest rate of 13%. Credit will be provided for both working capital and asset acquisition. Average loan size will be \$5,000, with terms of one to three years depending on the type of loan and the cash flow generated by the business. A variety of creative forms of collateral, including third party guarantees, will be used to achieve the high collection rates seen in most countries.

2. MICROBUSINESS SUPPORT SERVICES

a. Training/Technical Assistance

In addition to credit, the MED will provide training and technical assistance to microbusinesses which are not available elsewhere. The management training is provided to increase the microbusiness' likelihood of success.

b. Associations

The MED will sponsor a small business association to provide networking opportunities which will encourage peer consulting and the formation of strategic alliances between members in related business sectors. The association will provide a forum for international as well as local contacts through

8

various marketing tools, including rotating exhibits of Association member services and products.

Participation in the association activities and services is available to anyone interested in small business issues, including academicians, entrepreneurs, government officials managers and job seekers.

E. IMPLEMENTATION

The period of the project is 4.5 years, divided into three phases: A six-month pilot phase during which the MED is established, a six-month pilot phase of operations, and three and a half years of full-scale operations and expansion.

1. Pilot Phase -- During this phase, Opportunity will select local board members, hire an executive director and senior staff, assist the board to draft and approve a mission statement, select officers and establish committees, legally incorporate, launch a small number of loans as part of a training exercise, and provide technical assistance for the development of the training curriculum.

2. Pilot lending operations -- During this phase, lending will begin in Skopje and then expand to the southern portion of the country as the staff expertise increases. Oversight will be provided by Opportunity and through participation of the board.

3. Full-lending Operations -- At the end of the first year, the MED's credit program would be operating at full capacity. Assistance will be provided to assist the MED become self-sustained, and able to operate without further assistance from Opportunity at the end of the 4.5 year period.

E. PROJECT REPORTING

1. Financial Reporting

Monthly financial statements will be prepared, including a balance sheet, income statement, and portfolio performance reports. These reports will be used to monitor the MED's progress toward financial sustainability and the quality of the lending programs.

2. Program Reporting

Monthly reports will detail the agency training activities and the quality of the lending operations. The following indicators will be traced:

- a. Local institution development
- b. Client quality of life (income derived from business activity, new jobs created)
- c. Credit program
- d. Business support program

3. Evaluations

Evaluations will be performed early in the first year of the project and at its conclusion. The evaluations will focus on two issues: the progress of institutional development, and the design and impact of the credit and support services program. External consultants will be brought in for both evaluations to add an external perspective to the evaluation process.

F. PROPOSAL

Opportunity International proposal dated December 6, 1994 provides greater detail regarding the program and is incorporated into the grant by reference.

APPENDIX 4C

MANDATORY STANDARD PROVISIONS FOR
U.S., NONGOVERNMENTAL GRANTEESINDEX OF
MANDATORY STANDARD PROVISIONS

1. Ineligible Countries
2. Nondiscrimination
3. U.S. Officials Not to Benefit
4. Investment Promotion
5. Nonliability
6. Amendment
7. Notices

1. INELIGIBLE COUNTRIES (MAY 1986)

Unless otherwise approved by the USAID Agreement Officer, funds will only be expended for assistance to countries eligible for assistance under the Foreign Assistance Act of 1961, as amended, or under acts appropriating funds for foreign assistance.

2. NONDISCRIMINATION (MAY 1986)

(This provision is applicable when work under the agreement is performed in the U.S. or when employees are recruited in the U.S.)

No U.S. citizen or legal resident shall be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity funded by this grant on the basis of race, color, national origin, age, handicap, or sex.

3. U.S OFFICIALS NOT TO BENEFIT (NOVEMBER 1985)

No member of or delegate to the U.S. Congress or resident U.S. Commissioner shall be admitted to any share or part of this agreement or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this award if made with a corporation for its general benefit.

4. INVESTMENT PROMOTION (January 1994)

No funds or other support provided hereunder may be used in a project or activity reasonably likely to involve the relocation or expansion outside of the United States of an enterprise located in the United States if non-U.S. production in such relocation or expansion replaces some or all of the production of, and reduces the number of employees at, said enterprise in the United States. No funds or other support provided hereunder may be used in a project or activity the purpose of which is the establishment or development in a foreign country of any export processing zone or designated area where the labor, environmental, tax, tariff, and safety laws of the country would not apply, without the prior written approval of USAID. No funds or other support provided hereunder may be used in a project or activity which contributes to the violation of internationally recognized rights of workers in the recipient country, including those in any designated zone or area in that country.

This provision must be included in all subagreements.

5. NONLIABILITY (NOVEMBER 1985)

USAID does not assume liability for any third party claims for damages arising out of this agreement.

6. AMENDMENT (NOVEMBER 1985)

The agreement may be amended by formal modifications to the basic agreement document or by means of an exchange of letters between the Agreement Officer and an appropriate official of the recipient.

7. NOTICES (NOVEMBER 1985)

Any notice given by USAID or the recipient shall be sufficient only if in writing and delivered in person, mailed, or cabled as follows:

To the USAID Agreement Officer, at the address specified in the agreement.
To recipient, at recipient's address shown in the award or to such other address designated within the agreement.

Notices shall be effective when delivered in accordance with this provision, or on the effective date of the notice, whichever is later.

(END OF MANDATORY STANDARD PROVISIONS)

OPTIONAL STANDARD PROVISIONS FOR
U.S., NONGOVERNMENTAL GRANTEES

The following standard provisions are required to be used when applicable. Applicability statements are contained in the parenthetical statement preceding the standard provision. When a standard provision is determined to be applicable in accordance with the applicability statement, the use of such standard provision is mandatory unless a deviation has been approved in accordance with Paragraph 1E of Chapter 1 of Handbook 13. Check off the optional standard provisions which are included in the Agreement. Only those standard provisions which have been checked off are included physically within this Agreement.

- | | | |
|-----|---|-------------------|
| 1. | OMB Approval Under the
Paperwork Reduction Act | <u> X </u> |
| 2. | Air Travel and Transportation | <u> X </u> |
| 3. | Ocean Shipment of Goods | <u> X </u> |
| 4. | USAID Eligibility Rules for Goods
and Services | <u> X </u> |
| 5. | Subagreements | <u> X </u> |
| 6. | Local Cost Financing | <u> X </u> |
| 7. | Patents | <u> </u> |
| 8. | Publications | <u> </u> |
| 9. | Negotiated Indirect Cost Rates -
Predetermined | <u> </u> |
| 10. | Negotiated Indirect Cost Rates -
Provisional (Nonprofits) | <u> X </u> |
| 11. | Negotiated Indirect Cost Rates -
Provisional (For-profits) | <u> </u> |
| 12. | Regulations Governing Employees | <u> X </u> |
| 13. | Participant Training | <u> </u> |
| 14. | Voluntary Population Planning | <u> </u> |
| 15. | Protection of the Individual as a
Research Subject | <u> </u> |
| 16. | Care of Laboratory Animals | <u> </u> |
| 17. | Title to and Use of Property
(Cooperating Country Title) | <u> </u> |
| 18. | Use of Pouch Facilities | <u> </u> |
| 19. | Conversion of United States Dollars
to Local Currency | <u> X </u> |
| 20. | Public Notice | <u> </u> |
| 21. | Rights in Data | <u> </u> |

The below Provision has been revised as follow:

5. SUBAGREEMENTS (February 1995)

(This provision is applicable when subgrants or cooperative agreements are financed under the grant.)

(a) All provisions of 22 CFR 226 and all Standard Provisions attached to this agreement shall be applied to subrecipients which meet the definition of "Recipient" in that part, unless a section specifically excludes a subrecipient from coverage.

(b) Any subawards made with entities which fall outside of the definition of "Recipient" (such as Non-US organizations) will be made in accordance with USAID Handbook 13, Appendix 4D "Standard Provisions for Non-US Nongovernmental Grantees" except for the "Accounting, Audit and Records" Standard Provision. Recipients must apply the following guidelines when subawarding to entities which do not meet the definition of "Recipient".

(c) A recipient that receives a USAID award and provides \$25,000 or more of it during its fiscal year to a sub-recipient (whether meeting the definition of "Recipient" or not) shall follow the guidelines of OMB Circular A-133. The recipient shall ensure that:

(1) the nonprofit institution sub-recipients that receive \$25,000 or more have met the audit requirements of OMB Circular A-133, and that sub-recipients subject to OMB Circular A-128 have met the audit requirements of that Circular;

(2) appropriate corrective action is taken within six months after receipt of the sub-recipient audit report in instances of noncompliance with Federal laws and regulations;

(3) they consider whether sub-recipients audits necessitate adjustment of the grantee's own records; and

(4) each sub-recipient is required to permit independent auditors to have access to the records and financial statements as necessary for the grantee to comply with OMB Circular A-133.

(END OF STANDARD PROVISION)