

## INDEX

The Key Documents organized upon the Phase out of the Task Force for Humanitarian Assistance (TFHA) are contained in four Volumes. Volume 4 contains the office position descriptions and office procedures. The contents of the first three volumes are as follows.

VOLUME I	VOLUME II	VOLUME III
charter & Delegations	Family Assistance	Elections
statutes bipartisan Accord	cash For Food	Program Support
Peace Agreements	Verification Comm.	Reports
TFHA Policies	Human Rights	
Legal Opinions	Medical Program	
Accountability		
Phase Out		

PA-ABF-550

VOL.

2

## NR'S PROCEDURES FOR MAKING FAMILY PAYMENTS

1. A list of personnel to receive family payments is prepared by the field commanders in each location. The list includes only the name of the combatant.
2. Each commander sends his list to the Chief of Personnel.
3. The Chief of Personnel records/approves the lists and sends them to the Dept. of Finance for approval and recording.
4. The lists are usually ready by the 23rd to 25th of each month.
5. The Dept. of Finance obtains the required amount of funds from the project manager.
6. The Dept. of Finance issues the funds to Finance Officers, who travel to the field locations and pay the combatants. The combatants sign for their pay.
7. In some cases, a combatant will have signed a document that allows for a family member to collect his payment on his/her behalf.
8. About 70 percent of recipients have identity cards. (The project manager provided them with equipment to this. The stated reason for the other 30 percent not having cards was that they were not available for photographing.)
9. Combatants do not receive the same amount of assistance, e.g., a commander receives a larger amount than a private.
10. Combatants must normally have been in the field 2 years before they are eligible for family payments. There are exceptions based on critical need.
11. Families continue to receive payments after a combatant is killed or captured.
12. Payment in Honduras is L.475,000 (\$237,500) per month.

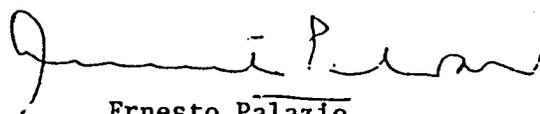
*Francisco Ruiz is the person in the NR's Dept. of Finance who handles the payments. He is fairly new to the job.*

LETTER AGREEMENT

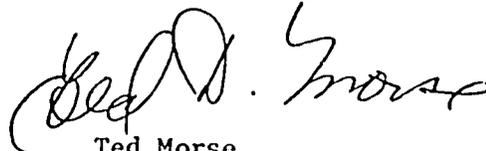
DATE: April 30, 1988

Pursuant to the authority contained in Joint Resolution 523, Public Law 100-276 of April 1, 1988, and the Delegation of Authority from the Administrator of the Agency for International Development to the Director of the Task Force on Humanitarian Assistance in Central America dated that same day; The Government of the United States of America, acting through the Agency for International Development, hereby grants to the Nicaraguan Democratic Resistance up to a maximum of lempiras 581,918.00, or the equivalent to dollars 290,959 to meet family assistance/professional salaries in Honduras and up to a maximum of dols. 40,600 to meet family assistance/professional salaries in Miami. All payments under this grant are to be made in accordance with previously established Nicaraguan Democratic Resistance procedures which will be verified by USAID staff and are not to exceed the individual recipient amounts, number of recipients or total payment amounts contained in the March 1988 disbursements for this purpose. *Feb. 1988*

It is understood that financial records, including documentation to support entries on accounting records and to substantiate financial charges against this Agreement shall be maintained in accordance with the usual accounting procedures of the Nicaraguan Democratic Resistance, which shall follow generally accepted accounting practices. All such financial records shall be maintained for at least three years after final disbursement of funds under this Agreement. The National Demoratic Resistance agrees to make available to U.S.A.I.D. and for the Comptroller General of the United States all records and documents which support expenditures made with this contribution.



Ernesto Palazio  
Nicaraguan Resistance  
Washington Representative



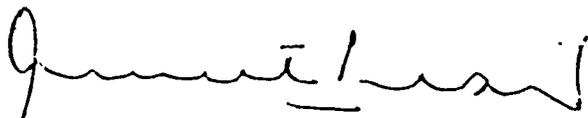
Ted Morse  
The Government of United  
States of America  
through  
Agency for International  
Development

LETTER AGREEMENT

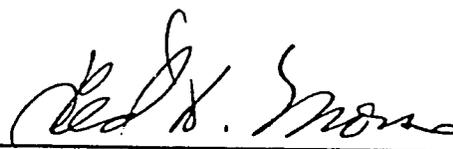
Amendment No. 1

Date: May 24, 1988

This Amendment No. 1 is an Amendment to the letter Agreement made between the same parties on April 30, 1988 in regard to family assistance professional salaries payments. It is understood between the parties that of the lempiras 581,918 to the equivalent of dollars 290,959 contained in the original agreement for family assistance payments in Honduras up to Lempiras 64,000 (equivalent of dollars 32,000) is for the purpose of making family assistance/professional salary payments to the resistance force known as YATAMA. Those payments will be made according to established procedures, and the Nicaraguan Democratic Resistance shall not have the responsibility for keeping financial records in regard to those payments.



Ernesto Palazio  
Nicaraguan Resistance  
Washington Representative



Ted D. Morse  
The Government of the  
United States of America  
through Agency for  
International Development

AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

LETTER AGREEMENT

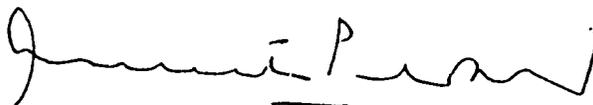
DATE: MAY 28, 1988

This agreement is pursuant to the authority contained in Joint Resolution 523, Public Law 100-276 of April 1, 1988, and the Delegation of Authority from the Administrator of the Agency for International Development to the Director of the Task Force on Humanitarian Assistance in Central America dated that same day. The Government of the United States of America, acting through the Agency for International Development, hereby grants to the Nicaraguan Democratic Resistance up to a maximum of dollars 335,000 for family assistance payments in Honduras and other places where the Nicaraguan Democratic Resistance and/or their families are located. It is understood that of the above amount up to dollars 32,000 is for family assistance payments to the resistance force known as Yatama, and up to a maximum of dollars 41,200 is for family assistance payments to Resistance family members in Miami.

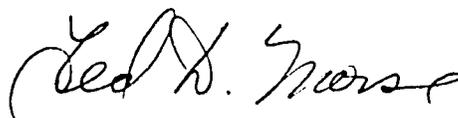
All payments under this grant are to be made in accordance with previously established procedures which will be verified by USAID staff. Payments are not to exceed the number of individual recipients, or total payment amount authorized in the February 1988 disbursements for this purpose. Changes in the individuals designated to receive family assistance payments can be made. Changes in the amounts paid to individuals will be consistent with amounts paid to other Resistance members with similar responsibilities, within the existing Resistance rate structure. Recipients of family assistance payments are to use those payments only to assist in the purchase of food, clothing, shelter, medical services and medical supplies for themselves and for their families. Signed receipts for family assistance payments should show the recipient's certification that he/she understands the above-stated purpose and limitation of the payment.

It is understood that financial records, including documentation to support entries on accounting records and to substantiate financial charges against this Agreement shall be maintained in accordance with usual accounting procedures of the Nicaraguan Democratic Resistance, which shall follow generally accepted accounting practices. All such financial records shall be maintained for at least three years after final disbursement of funds under this Agreement. The National

Democratic Resistance agrees to make available to USAID and for the Comptroller General of the United States all records and documents which support expenditures under this agreement. It is also understood that, in accordance with established procedures, financial records in regard to payments made to Yatama will be kept by that group.



Ernesto Palazzo  
Nicaraguan Resistance  
Washington Representative



Ted D. Morse  
The Government of United  
States of America  
through the  
Agency for International  
Development

AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

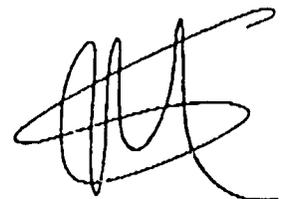
LETTER AGREEMENT

*JULY 22*  
Date: ~~June 27~~, 1988

Pursuant to the authority contained in Joint Resolution 523, Public Law 100-276 of April 1, 1988, and the Delegation of Authority from the Administrator of the Agency for International Development to the Director of the Task Force on Humanitarian Assistance in Central America dated that same day, The Government of the United States of America, acting through the Agency for International Development, hereby grants to the Nicaraguan Democratic Resistance up to a maximum of dollars ~~352,000~~ for ~~July 1988~~ family assistance payments in Honduras and other places where the Nicaraguan Democratic Resistance and/or their families are located. It is understood that of the above amount up to dollars ~~32,000~~ is for family assistance payments to the Resistance force known as Yatama; up to a maximum of dollars ~~41,200~~ is for family assistance payments to Resistance family members in Miami, *up to a maximum of \$30,300 for Resistance family members in Costa Rica*

All payments under this grant are to be made in accordance with previously established procedures which will be verified by USAID staff. Payments are not to exceed the number of individual recipients, or total payment amount authorized in the February 1988 disbursements for this purpose. Changes in the individuals designated to receive family assistance payments can be made. Changes in the amounts paid to individuals will be consistent with amounts paid to other Resistance members with similar responsibilities, within the existing Resistance rate structure. Recipients of family assistance payments are to use those payments only to assist in the purchase of food, clothing, shelter, medical services and medical supplies for themselves and for their families. Signed receipts for family assistance payments should show the recipient's certification that he/she understands the above-stated purpose and limitation of the payment.

It is understood that financial records, including documentation to support entries on accounting records and to substantiate financial charges against this Agreement shall be maintained in accordance with usual accounting procedures of the Nicaraguan Democratic Resistance, which shall follow





GRANT - 594-0000.02-04

AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

LETTER AGREEMENT

DATE: July 22, 1988

Pursuant to the authority contained in Joint Resolution 523, Public Law 100-276 of April 1, 1988, and the Delegation of Authority from the Administrator of the Agency for International Development to the Director of the Task Force on Humanitarian Assistance in Central America dated that same day, the Government of the United States of America, acting through the Agency for International Development, hereby grants to the Nicaraguan Democratic Resistance up to a maximum of dollars 335,000 for July 1988 family assistance payments in Honduras and other places where the Nicaraguan Democratic Resistance and/or their families are located. It is understood that of the above amount up to dollars 32,000 is for family assistance payments to the resistance force known as Yatama, and up to a maximum of dollars 41,200 is for family assistance payments to Resistance family members in Miami.

All payments under this grant are to be made in accordance with previously established procedures which will be verified by USAID staff. Payments are not to exceed the number of individual recipients, or total payment amount authorized in the February 1988 disbursements for this purpose. Changes in the individuals designated to receive family assistance payments can be made. Changes in the amounts paid to individuals will be consistent with amounts paid to other Resistance members with similar responsibilities, within the existing Resistance rate structure. Recipients of family assistance payments are to use those payments only to assist in the purchase of food, clothing, shelter, medical services and medical supplies for themselves and for their families. Signed receipts for family assistance payments should show the recipient's certification that he/she understands the above-stated purpose and limitation of the payment.

It is understood that financial records, including documentation to support entries on accounting records and to substantiate financial charges against this Agreement shall be maintained in accordance with usual accounting procedures of the Nicaraguan Democratic Resistance, which shall follow generally accepted accounting practices. All such financial records shall be maintained for at least three years after final disbursement of funds under this Agreement. The Nicaraguan Democratic Resistance agrees to make available to USAID and for the Comptroller General of the United States all records and documents which support expenditures under this agreement. It is also understood that, in accordance with established procedures, financial records in regard to payments made to Yatama will be kept by that group.

Each of the undesigned individuals represents that he is fully authorized to execute this agreement on behalf of his respective organization.

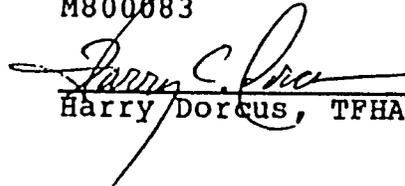
MARIO SACASA  
AUDITOR GENERAL  
Nicaraguan Resistance

Ted D. Morse  
The Government of United  
States of America  
through the  
Agency for International  
Development

Appropriation no.:  
Budget Plan Code:  
Project No:  
Reservation No:

72-1181038  
VRR8829594HG84  
594000-2  
M800083

Funds Available:

  
Harry Dorcus, TFHA/Controller

FAP

AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

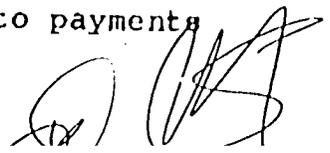
LETTER AGREEMENT

DATE: August 25, 1988

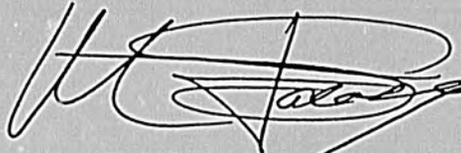
Pursuant to the authority contained in Joint Resolution 523, Public Law 100-276 of April 1, 1988, and the Delegation of Authority from the Administrator of the Agency for International Development to the Director of the Task Force on Humanitarian Assistance in Central America dated that same day, the Government of the United States of America, acting through the Agency for International Development, hereby grants to the Nicaraguan Democratic Resistance up to a maximum of dollars 335,000 for August 1988 family assistance payments in Honduras and other places where the Nicaraguan Democratic Resistance and/or their families are located. It is understood that of the above amount up to dollars 32,000 is for family assistance payments to the resistance force known as Yatama, and up to a maximum of dollars 41,200 is for family assistance payments to Resistance family members in Miami.

All payments under this grant are to be made in accordance with previously established procedures which will be verified by USAID staff. Payments are not to exceed the number of individual recipients, or total payment amount authorized in the February 1988 disbursements for this purpose. Changes in the individuals designated to receive family assistance payments can be made. Changes in the amounts paid to individuals will be consistent with amounts paid to other Resistance members with similar responsibilities, within the existing Resistance rate structure. Recipients of family assistance payments are to use those payments only to assist in the purchase of food, clothing, shelter, medical services and medical supplies for themselves and for their families. Signed receipts for family assistance payments should show the recipient's certification that he/she understands the above-stated purpose and limitation of the payment.

It is understood that financial records, including documentation to support entries on accounting records and to substantiate financial charges against this Agreement shall be maintained in accordance with usual accounting procedures of the Nicaraguan Democratic Resistance, which shall follow generally accepted accounting practices. All such financial records shall be maintained for at least three years after final disbursement of funds under this Agreement. The Nicaraguan Democratic Resistance agrees to make available to USAID and for the Comptroller General of the United States all records and documents which support expenditures under this agreement. It is also understood that, in accordance with established procedures, financial records in regard to payments made to Yatama will be kept by that group.



Each of the undersigned individuals represents that he is fully authorized to execute this agreement on behalf of his respective organization.



Mario Sacasa  
Vice Coordinator of  
Administration and Finance



Ted D. Morse  
The Government of United  
States of America  
through the  
Agency for International  
Development

Appropriation no.:  
Budget Plan Code:  
Project No:  
Reservation No:  
  
Funds Available:

72-1181038  
VRR8829594HG84  
594000.2

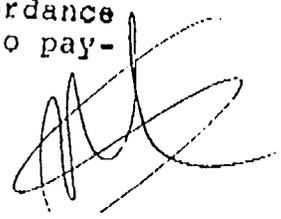
*(Phone - 8/25) [Signature]*  
Harry Dorcus, TFHA/Controller

PHASE II

FAMILY ASSISTANCE PAYMENT LETTER AGREEMENT

DATE: October 28, 1988

1. Pursuant to the authority contained in the Department of Defense Appropriations Act, 1989 and the Delegation of Authority from the Administrator of the Agency for International Development to the Director of the Task Force on Humanitarian Assistance in Central America dated April 1, 1988, the Government of the United States of America, acting through the Agency for International Development, hereby grants to the Nicaraguan Democratic Resistance up to a maximum of U.S. Dollars 335,000 for October 1988 family assistance payments in Honduras and other places where the Nicaraguan Democratic Resistance and/or their families are located. It is understood that of the above amount up to U.S. Dollars 32,000 is for family assistance payments to the resistance force known as Yatama, and up to a maximum of U.S. Dollars 41,200 is for family assistance payments to resistance family members in Miami.
2. All payments under this grant are to be made in accordance with previously established procedures which will be verified by USAID staff. Payments are not to exceed the number of individual recipients, or total payment amount authorized for the February 1988 disbursement for this purpose. Changes in the individuals designated to receive family assistance payments can be made. Changes in the amounts paid to individuals will be consistent with amounts paid to other Resistance members with similar responsibilities, within the existing Resistance rate structure. Recipients of family assistance payments are to use those payments only to assist in the purchase of food, clothing, shelter, medical services and medical supplies for themselves and for their families. Signed receipts for family assistance payments should show the recipient's certification that he/she understands the above-stated purpose and limitation of the payment.
3. It is understood that financial records, including documentation to support entries on accounting records and to substantiate financial charges against this Agreement shall be maintained in accordance with usual accounting procedures of the Nicaraguan Democratic Resistance, which shall follow generally accepted accounting practices. All such financial records shall be maintained for at least three years after final disbursement of funds under this Agreement. The Nicaraguan Democratic Resistance agrees to make available to USAID and for the Comptroller General of the United States all records and documents which support expenditures under this agreement. It is also understood that, in accordance with established procedures, financial records in regard to payments made to Yatama will be kept by that group.



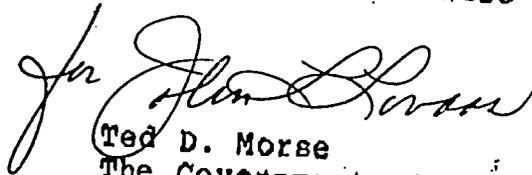
TOTAL P.02

4. Each of the undersigned individuals represents that he is fully authorized to execute this agreement on behalf of his respective organization.



08/31/88

Mario Sacasa  
Vice Coordinator of  
Administration and Finance  
Nicaraguan Democratic Resistance



10/31/88

Ted D. Morse  
The Government of United  
States of America  
through the  
Agency for International  
Development

FAP

FISCAL DATA:

Letter Agreement No.:  
Appropriation No.:  
Budget Plan Code:  
Project No.:  
Reservation Control No.:  
Element No.:

594-0000-A-00-9003-00  
72-1191038  
VRRR-88-29594-HG84  
594-0000.02  
H90001  
US FAP

AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

PHASE II  
FAMILY ASSISTANCE PAYMENT LETTER AGREEMENT  
AMENDMENT 1

DATE: December 2, 1988

This is to amend the Phase II Family Assistance Payment Letter Agreement between the Agency for International Development (A.I.D.) and the Nicaraguan Democratic Resistance (NDR) dated October 28, 1988 for Family Assistance Payments in Honduras and other places where the Nicaraguan Democratic Resistance and/or their families are located. The Agreement is hereby amended to include the following changes:

1. The Grant is increased by \$369,292 (Three Hundred Sixty Nine Thousand Two Hundred Ninety Two United States Dollars), which when added to the original agreement of \$335,000 will increase the maximum to \$704,292 (Seven Hundred Four Thousand Two Hundred Ninety Two United States Dollars).
2. Funds provided in this amendment are for Family Assistance Payments through November. Payment up to \$64,000 (Sixty Four Thousand United States Dollars) may be made to the Yatama members for both October 1988 and November 1988. It is also understood that of the above amount up to a maximum of U.S. Dollars 41,200 (Forty One Thousand Two Hundred United States Dollars) monthly is for Family Assistance Payments to Resistance family members in Miami. All payments under this grant are to be made in accordance with previously established procedures and will be verified by USAID staff.
3. All other terms and conditions of the original agreement remain in force and apply equally to this agreement. Each of the undersigned individuals represents that he is fully authorized to execute this agreement on behalf of his respective organization.

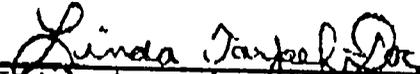
  
Mario Sacasa  
Vice Coordinator of  
Administration and Finance  
Nicaraguan Democratic Resistance

  
Ted D. Morse  
The Government of the  
United States of America  
through the  
Agency for International Development

FISCAL DATA:

Letter Agreement No.:	594-0000-A-00-9003-00
Appropriation No.:	72-1191038
Budget Plan Code:	VRRRA-89-29594-HG84
Project No.:	594-0000.02
Reservation Control No.:	H90003
Element No.:	03 FAP

Funds Available:

  
Linda Tarpeh-Dee, TFHA/Controller

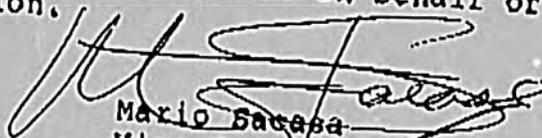
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

PHASE II  
FAMILY ASSISTANCE PAYMENT LETTER AGREEMENT  
AMENDMENT 2

DATE: January 4, 1989

This is to amend the Phase II Family Assistance Payment Letter Agreement between the Agency for International Development (A.I.D.) and the Nicaraguan Democratic Resistance (NDR) dated October 28, 1988 for Family Assistance Payments in Honduras and other places where the Nicaraguan Democratic Resistance and/or their families are located. The Agreement is hereby amended to include the following changes:

1. The Grant is increased by \$352,000 (Three Hundred Fifty Two Thousand United States Dollars), which when added to the original agreement and amendment will increase the maximum to \$1,056,292 (One Million, Fifty Six Thousand, Two Hundred Ninety Two United States Dollars).
2. Funds provided in this amendment are for Family Assistance Payments through December 31, 1988. Payment up to \$32,000 (Thirty Two Thousand United States Dollars) may be made to the Yatama members for December, 1988. It is also understood that of the above amount up to a maximum of U.S. Dollars 41,200 (Forty One Thousand Two Hundred United States Dollars) monthly is for Family Assistance Payments to Resistance family members in Miami. All payments under this grant are to be made in accordance with previously established procedures and will be verified by USAID staff.
3. All other terms and conditions of the original agreement remain in force and apply equally to this agreement. Each of the undersigned individuals represents that he is fully authorized to execute this agreement on behalf of his respective organization.

  
Mario Sacasa  
Vice Coordinator of  
Administration and Finance  
Nicaraguan Democratic Resistance

 1/11/89  
Ted D. Morse  
The Government of the  
United States of America  
through the  
Agency for International Development

FISCAL DATA:

Letter Agreement No.:  
Appropriation No.:  
Budget Plan Code:  
Project No.:  
Reservation Control No.:  
Element No.:

594-0000-A-00-9003-02  
72-1191038  
VRRRA-89-29594-HG84  
594-0000.02  
H900001  
03 FAP

Funds Available:

Linda Tarpeh-Doe  
Linda Tarpeh-Doe, TFHA/Controller



AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

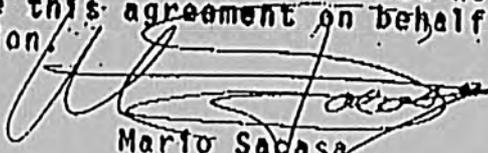
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LTD

PHASE II  
FAMILY ASSISTANCE PAYMENT LETTER AGREEMENT  
AMENDMENT 3

DATE: February 21, 1989

This is to amend the Phase II Family Assistance Payment Letter Agreement between the Agency for International Development (A.I.D.) and the Nicaraguan Democratic Resistance (NDR) dated October 28, 1988 for Family Assistance Payments in Honduras and other places where the Nicaraguan Democratic Resistance and/or their families are located. The Agreement is hereby amended to include the following changes:

1. The Grant is increased by \$704,292 (Seven Hundred Four Thousand, Two Hundred Ninety Two United States Dollars), which when added to the original agreement and amendments will increase the maximum to \$1,760,584 (One Million, Seven Hundred Sixty Thousand, Five Hundred Eighty Four United States Dollars).
2. Funds provided in this amendment are for Family Assistance Payments through January and February 1989. Monthly ceilings for Yatama and for Miami identified in the original agreement and subsequent amendments can be adjusted to conform to new locality levels shown in approved Family Assistance Payment (FAP) lists for this amendment. All payments under this grant are to be made in accordance with previously established procedures and will be verified by USAID staff.
3. All other terms and conditions of the original agreement remain in force and apply equally to this agreement. Each of the undersigned individuals represents that he is fully authorized to execute this agreement on behalf of his respective organization.

  
Mario Sacasa  
Vice Coordinator of  
Administration and Finance  
Nicaraguan Democratic Resistance

  
Ted D. Morse  
The Government of the  
United States of America  
through the  
Agency for International Development

FISCAL DATA:

Letter Agreement No.:	594-0000-A-00-9003-03
Appropriation No.:	72-1191038
Budget Plan Code:	VRRA-89-29594-HG84
Project No.:	594-0000.02
Reservation Control No.:	H900003
Element No.:	03 FAP

Funds Available:

*Linda Tarpel-Doe*  
Linda Tarpel-Doe, TFHA/Controller

AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

PHASE II

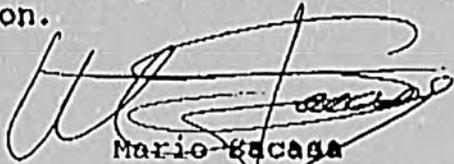
FAMILY ASSISTANCE PAYMENT LETTER AGREEMENT

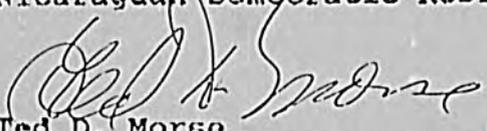
AMENDMENT 4

DATE: March 15, 1989

This is to amend the Phase II Family Assistance Letter Agreement between the Agency for International Development (A.I.D.) and the Nicaraguan Democratic Resistance (NDR) dated October 28, 1988 for Family Assistance Payments in Honduras and other places where the Resistance and/or families are located. The Agreement is hereby amended to include the following changes:

1. The Grant is increased by \$704,292 (Seven Hundred Four Thousand, Two Hundred Ninety Two United States Dollars), which when added to the original agreement and amendments will increase the maximum to \$2,464,876 (Two Million, Four Hundred Sixty Four Thousand, Eight Hundred Seventy Six United States Dollars).
2. Funds provided in this agreement are for Family Assistance Payments through March and April 1989. Monthly ceilings for Yatama and for Miami identified in the original agreement and subsequent amendments can be adjusted to conform to new locality levels shown in the approved Family Assistance Payment (FAP) lists for this amendment. All payments under this grant are to be made in accordance with previously established procedures and will be verified by USAID staff.
3. All other terms and conditions of the original agreement remain in force and apply equally to this agreement. Each of the undersigned individuals represents that he is fully authorized to execute this agreement on behalf of his respective organization.

  
Mario Sacasa  
Vice Coordinator of  
Administration and Finance  
Nicaraguan Democratic Resistance

  
Ted D. Morse  
The Government of the  
United States of America  
through the  
Agency for International Development.

FISCAL DATA:

Letter Agreement No.:  
Appropriation No.:  
Budget Plan Code:  
Project No.:  
Reservation Control No.:  
Element No.:

594-0000-A-00-9003-04  
72-1191038  
VRRRA-89-29594-HG84  
594-0000.02  
H900003  
03 FAP

Funds Available:

Linda Tarpeh-Doe  
Linda Tarpeh-Doe, TFHA/Controller



OFFICIAL  
PROJ: FAP: AGREEMENTS

PHASE III  
FAMILY ASSISTANCE PAYMENT  
LETTER AGREEMENT

9  
DATE: May 1, 1988

1. Pursuant to the authority contained in the Act to Implement the Bipartisan Accord on Central America of March 24, 1989 and the Delegation of Authority from the Administrator of the Agency for International Development to the Director of the Task Force on Humanitarian Assistance in Central America dated April 1, 1988, the Government of the United States of America, acting through the Agency for International Development, hereby grants to the Nicaraguan Democratic Resistance up to a maximum of \$352,146 (Three Hundred Fifty-Two Thousand One Hundred Forty-Six United States Dollars) for May, 1989 for family assistance payments in Honduras and other places where the Nicaraguan Democratic Resistance and/or their families are located. It is understood that of the above amount up to \$229,521 (Two Hundred Twenty-nine Thousand Five Hundred Twenty-one United States Dollars) is for family assistance payments of the ERN North in Honduras; up to \$47,925 (Forty Seven Thousand Nine Hundred Twenty-Five United States Dollars) is for family assistance payments of the Southern Front; up to \$41,200 (Forty One Thousand Two Hundred United States Dollars) is for Family Assistance Payments to Resistance family members in Miami; and up to \$33,500 (Thirty Three Thousand Five Hundred United States Dollars) is for family assistance payments to the resistance force known as Yatama.

2. All payments under this grant are to be made in accordance with previously established procedures which will be verified by USAID staff. Payments are not to exceed total payment amount authorized for the February 1988 disbursement for this purpose. Changes in the individuals designated to receive family assistance payments can be made. Changes in the amounts paid to individuals will be consistent with amounts paid to other Resistance members with similar responsibilities, within the existing Resistance rate structure. Recipients of family assistance payments are to use those payments only to assist in the purchase of food, clothing, shelter, medical, services and medical supplies for themselves and for their families. Signed receipts for family assistance payments should show the recipient's certification that he/she understands the above-stated purpose and limitation of the payment.

3. It is understood that financial records, including documentation to support entries on accounting records and to substantiate financial charges against this Agreement shall be maintained in accordance with usual accounting procedures of the Nicaraguan Democratic Resistance, which shall follow generally accepted accounting practices. All such financial records shall be maintained for at least three years after final disbursement of funds under this Agreement. The Nicaraguan Democratic Resistance agrees to make available to USAID and for the Comptroller General of the United States all records and documents which support expenditures under this agreement. It is also understood that, in accordance with established procedures, financial records in regard to payments made to Yatama will be kept by that group.

4. Each of the undersigned individuals represents that he is fully authorized to execute this agreement on behalf of his respective organization.

Mario Sacasa  
Vice Coordinator of  
Administration and Finance  
Nicaraguan Democratic Resistance

Ted D. Morse  
The Government of United  
States of America  
through the  
Agency for International  
Development

**FISCAL DATA:**

Letter Agreement No.: 594-0005-A-00-9003-05  
Appropriation No.: 72-119/01038  
Budget Plan Code: VRR98929594HG84  
Project No.: 594-0005.00

<u>Target Group</u>	<u>Element Number</u>	<u>Reservation Control No.</u>	<u>Amount</u>
ERN North	31	A310001	\$229,521
Southern Front	32	A320001	\$47,925
Miami	33	A330001	\$41,200
Yatama	34	A340001	\$33,500
TOTAL.....			\$352,146

Funds Available:

*Linda Tarpeh-Doe* 5/3/89  
Linda Tarpeh-Doe, TFHA/Controller

Clearance: TFHA, RMeighan RM Date 5/2/89

Draft: TFHA:DSoul DS ds&cc: 05/01/89: #1432B

FAP  
a  
2.1

PHASE III

FAMILY ASSISTANCE PAYMENT LETTER AGREEMENT

AMENDMENT 2

DATE: July 1, 1989

This is to amend the Phase III Family Assistance Payment Letter Agreement between the Agency for International Development (A.I.D.) and the Nicaraguan Democratic Resistance (NDR) dated May 1, 1989 for Family Assistance Payments in Honduras and other places where the Nicaraguan Democratic Resistance and/or their families are located. The Agreement is hereby amended to include the following changes:

Distribution

TTL  
RM  
DS  
LTD  
SI

RN  
FAXED - R. BAUM  
FAXED - M. SANDRA

ORIGINAL - K. REAUA

FILES  
E. BAKER  
S. HAYNES

1. The Grant is increased by \$352,146 (Three Hundred Fifty Two Thousand, One Hundred Forty Six United States Dollars), which when added to the funds obligated to date \$704,292 will increase the maximum to \$1,056,438 (One Million, Fifty Six Thousand, Four Hundred Thirty Eight United States Dollars).

2. Funds provided in this amendment are for Family Assistance Payments through July. It is understood that of the amount obligated herein, up to \$229,521 (Two Hundred Twenty-nine Thousand Five Hundred Twenty-one United States Dollars) is for family assistance payments of the ERN North in Honduras; up to \$47,925 (Forty Seven Thousand Nine Hundred Twenty-Five United States Dollars) is for family assistance payments of the Southern Front; up to \$41,200 (Forty One Thousand Two Hundred United States Dollars) is for Family Assistance Payments to Resistance family members in Miami; and up to \$33,500 (Thirty Three Thousand Five Hundred United States Dollars) is for family assistance payments to the resistance force known as Yatama. All payments under this grant are to be made in accordance with previously established procedures and will be verified by USAID staff.

4. All other terms and conditions of the original agreement remain in force and apply equally to this agreement. Each of the undersigned individuals represents that he is fully authorized to execute this agreement on behalf of his respective organization.

Mario Sacasa  
Vice Coordinator of  
Administration and Finance  
Nicaraguan Democratic Resistance

Ted D. Morse  
The Government of United  
States of America  
through the  
Agency for International  
Development

**FISCAL DATA:**

Letter Agreement No.: 594-0005-A-00-9003-02  
Appropriation No.: 72-119/01038  
Budget Plan Code: VRR98929594HG84  
Project No.: 594-0005.00

<u>Target Group</u>	<u>Element Number</u>	<u>Reservation Control No.</u>	<u>Amount</u>
ERN North	31	A310003	\$229,521
Southern Front	32	A320003	\$47,925
Miami	33	A330003	\$41,200
Yatama	34	A340003	\$33,500
TOTAL.....			\$352,146

Funds Available:

Linda Tarpeh-Doe, TPFA/Controller

Resistencia



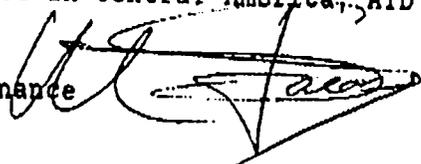
Nicaragüense

MEMORANDUM

TO: The Task Force on Humanitarian Assistance in Central America, AID

FM: Mario Sacasa,  
Vice-Coordinator of Administration & Finance

DATE: July 7, 1989



---

In reference to the Letter Agreement signed May 28, 1988 and our memorandum of June 25, 1988 designating our authorized representatives for the purposes of receiving and paying grant funds under the Family Assistance Program, I inform you of the following temporary change:

FOR MIAMI: Mr. Jose Dolores Aguilar, (Enmanuel) will substitute Mr. Fremio Altamirano (Commander Jimmy Leo) for the FAP Payments of June/89.

cc: Files

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

PHASE III

FAMILY ASSISTANCE PAYMENT LETTER AGREEMENT

AMENDMENT 3

DATE: August 1, 1989

This is to amend the Phase III Family Assistance Payment Letter Agreement between the Agency for International Development (A.I.D.) and the Nicaraguan Democratic Resistance (NDR) dated May 1, 1989 for Family Assistance Payments in Honduras and other places where the Nicaraguan Democratic Resistance and/or their families are located. The Agreement is hereby amended to include the following changes:

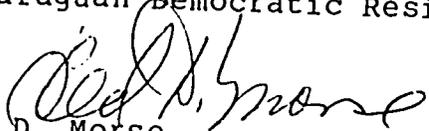
1. The Grant is increased by \$352,146 (Three Hundred Fifty Two Thousand, One Hundred Forty Six United States Dollars), which when added to the funds obligated to date of \$1,056,438 will increase the maximum to \$1,408,584 (One Million, Four Hundred Eight Thousand, Five Hundred Eighty Four United States Dollars).

2. Funds provided in this amendment are for Family Assistance Payments through August. It is understood that of the amount obligated herein, up to \$229,521 (Two Hundred Twenty-nine Thousand Five Hundred Twenty-one United States Dollars) is for family assistance payments of the ERN North in Honduras; up to \$47,925 (Forty Seven Thousand Nine Hundred Twenty-Five United States Dollars) is for family assistance payments of the Southern Front; up to \$41,200 (Forty One Thousand Two Hundred United States Dollars) is for Family Assistance Payments to Resistance family members in Miami; and up to \$33,500 (Thirty Three Thousand Five Hundred United States Dollars) is for family assistance payments to the resistance force known as Yatama. All payments under this grant are to be made in accordance with previously established procedures and will be verified by USAID staff.

4. All other terms and conditions of the original agreement remain in force and apply equally to this agreement. Each of the undersigned individuals represents that he is fully authorized to execute this agreement on behalf of his respective organization.



Mario Sacasa  
Vice Coordinator of  
Administration and Finance  
Nicaraguan Democratic Resistance



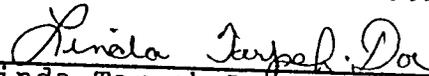
Ted D. Morse  
The Government of United  
States of America  
through the  
Agency for International  
Development

**FISCAL DATA:**

Letter Agreement No.: 594-0005-A-00-9003-03  
Appropriation No.: 72-119/01038  
Budget Plan Code: VRR98929594HG84  
Project No.: 594-0005.00

<u>Target Group</u>	<u>Element Number</u>	<u>Reservation Control No.</u>	<u>Amount</u>
ERN North	31	A310003	\$229,521
Southern Front	32	A320003	\$47,925
Miami	33	A330003	\$41,200
Yatama	34	A340003	\$33,500
TOTAL.....			\$352,146

Funds Available:

  
Linda Tarpeh-Doe, TFHA/Controller

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

PHASE III

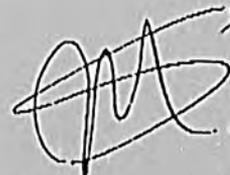
FAMILY ASSISTANCE PAYMENT LETTER AGREEMENT

AMENDMENT 4

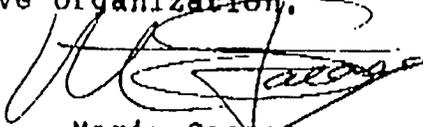
DATE: September 1, 1989

This is to amend the Phase III Family Assistance Payment Letter Agreement between the Agency for International Development (A.I.D.) and the Nicaraguan Democratic Resistance (NDR) dated May 1, 1989 for Family Assistance Payments in Honduras and other places where the Nicaraguan Democratic Resistance and/or their families are located. The Agreement is hereby amended to include the following changes:

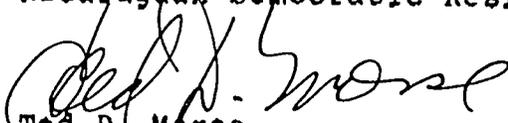
1. The Grant is increased by \$352,146 (Three Hundred Fifty Two Thousand, One Hundred Forty Six United States Dollars), which when added to the funds obligated to date of \$1,408,584 (One Million, Four Hundred Eight Thousand, Five Hundred Eighty Four United States Dollars) will increase the maximum to \$1,760,730 (One Million, Seven Hundred Sixty Thousand, Seven Hundred Thirty United States Dollars).
2. Funds provided in this amendment are for Family Assistance Payments through September. It is understood that of the amount obligated herein, up to \$229,521 (Two Hundred Twenty-nine Thousand Five Hundred Twenty-one United States Dollars) is for family assistance payments of the ERN North in Honduras; up to \$47,925 (Forty Seven Thousand Nine Hundred Twenty-Five United States Dollars) is for family assistance payments of the Southern Front; up to \$41,200 (Forty One Thousand Two Hundred United States Dollars) is for Family Assistance Payments to Resistance family members in Miami; and up to \$33,500 (Thirty Three Thousand Five Hundred United States Dollars) is for family assistance payments to the resistance force known as Yatama. All payments under this grant are to be made in accordance with previously established procedures and will be verified by USAID staff.



4. All other terms and conditions of the original agreement remain in force and apply equally to this agreement. Each of the undersigned individuals represents that he is fully authorized to execute this agreement on behalf of his respective organization.



Mario Sacasa  
Vice Coordinator of  
Administration and Finance  
Nicaraguan Democratic Resistance



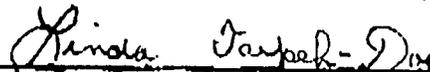
Ted D. Morse  
The Government of United  
States of America  
through the  
Agency for International  
Development

**FISCAL DATA:**

Letter Agreement No.: 594-0005-A-00-9003-04  
Appropriation No.: 72-119/01038  
Budget Plan Code: VRR98929594HG84  
Project No.: 594-0005.00

<u>Target Group</u>	<u>Element Number</u>	<u>Reservation Control No.</u>	<u>Amount Obligated This Amendment</u>
ERN North	31	A310003	\$229,521
Southern Front	32	A320003	\$47,925
Miami	33	A330003	\$41,200
Yatama	34	A340003	\$33,500
TOTAL.....			\$352,146

Funds Available:

  
Linda Tarpeh-Doe, TFHA/Controller

FAP: Agreements

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

all Staff  
Bob  
Linda  
Ted  
OS  
M. Sacasa  
K. Cornwall  
R. Baum

PHASE III

FAMILY ASSISTANCE PAYMENT LETTER AGREEMENT

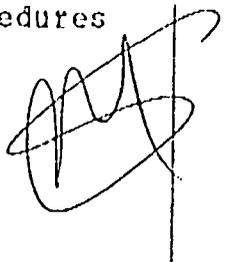
AMENDMENT 5

DATE: September 25, 1989

This is to amend the Phase III Family Assistance Payment Letter Agreement between the Agency for International Development (A.I.D.) and the Nicaraguan Democratic Resistance (NDR) dated May 1, 1989 for Family Assistance Payments in Honduras and other places where the Nicaraguan Democratic Resistance and/or their families are located. The Agreement is hereby amended to include the following changes:

1. The Grant is increased by \$705,992 (Seven Hundred Five Thousand Nine Hundred Ninety-Two United States Dollars), which when added to the funds obligated to date of \$1,760,730 (One Million, Seven Hundred Sixty Thousand, Seven Hundred Thirty United States Dollars) will increase the maximum to \$2,466,722 (Two Million, Four Hundred Sixty Six Thousand, Seven Hundred Twenty Two United States Dollars)

2. Of the funds provided in this amendment, \$704,292 (Seven Hundred Four Thousand Two Hundred Ninety Two United States Dollars) are for Family Assistance Payments for October and for November. For each of these months, up to \$229,521 (Two Hundred Twenty-nine Thousand, Five Hundred Twenty-one United States Dollars) is for family assistance payments of the ERN North in Honduras; up to \$47,925 (Forty Seven Thousand Nine Hundred Twenty-Five United States Dollars) is for family assistance payments of the Southern Front; up to \$41,200 (Forty One Thousand Two Hundred United States Dollars) is for Family Assistance Payments to Resistance family members in Miami; and up to \$33,500 (Thirty Three Thousand Five Hundred United States Dollars) is for family assistance payments to the resistance force known as Yatama. All payments under this grant are to be made in accordance with previously established procedures and will be verified by USAID staff.

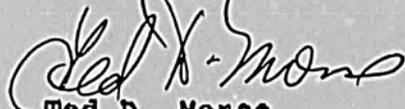


3. In addition to the amounts in paragraph 2 above, \$ 1,700 (One Thousand Seven Hundred United States Dollars) are provided to cover administrative costs for Family Assistance Payments in Costa Rica. Of this amount, up to \$850 (Eight Hundred Fifty United States Dollars) applies to administrative costs for the October Family Assistance Payment and up to \$850 (Eight Hundred Fifty United States Dollars) applies to administrative costs for the November Family Assistance Payment. Any unused balance from these funds may be applied to future administrative costs of the Family Assistance Payments in Costa Rica.

4. All other terms and conditions of the original agreement remain in force and apply equally to this amendment. Each of the undersigned individuals represents that he is fully authorized to execute this agreement on behalf of his respective organization.



Mario Sarasa  
Vice Coordinator of  
Administration and Finance  
Nicaraguan Democratic Resistance



Ted D. Morse  
The Government of United  
States of America  
through the  
Agency for International  
Development

**FISCAL DATA:**

Letter Agreement No.: 594-0005-A-00-9003-04  
Appropriation No.: 72-119/01038  
Budget Plan Code: VRR98929594HG84  
Project No.: 594-0005.00  
Amount \$705,992

(Reservation Control Numbers and Element Numbers on following page)

Funds Available:

*Trans. 07598, 09158 + 10621 PM Trans 1798*  
Linda Tarpeh-Doe, TFHA/Controller

<u>Target Group</u>	<u>Element Number</u>	<u>Reservation Control No.</u>	<u>Amount Obligated This Amendment</u>
ERN North	31	A310003	
Southern Front	32	A320003	\$459,042
Miami	33	A330003	\$95,850
Yatama	34	A340003	\$82,400
SUBTOTAL.....			\$67,000
Costa Rica FAP Admin 67			\$704,292
			P670027
TOTAL.....			\$ 1,700
			\$705,992

**OFFICIAL**

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
 AGENCY FOR INTERNATIONAL DEVELOPMENT  
 WASHINGTON, D.C. 20523

FAP AGREEMENTS

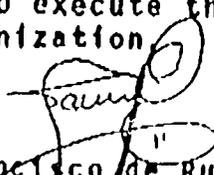
ACTION: LINDA  
DON

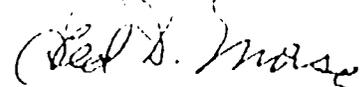
PHASE III

CC: TM  
RM**FAMILY ASSISTANCE PAYMENT LETTER AGREEMENT****AMENDMENT 7****DATE: January 2, 1990**

This is to amend the Phase III Family Assistance Payment Letter Agreement between the Agency for International Development (A.I.D.) and the Nicaraguan Democratic Resistance (NDR) dated May 1, 1989 for family assistance payments in Honduras and other places where the Nicaraguan Democratic Resistance and/or their families are located. The Agreement is hereby amended to include the following changes:

1. The amount in Amendment 5 designated for November family assistance payments in Miami is decreased from \$41,200 (Forty One Thousand Two Hundred United States Dollars) to \$40,850 (Forty Thousand Eight Hundred Fifty United States Dollars) which will decrease the maximum to \$2,770,243 (Two Million, Seven Hundred Seventy Thousand, Two Hundred Forty Three United States Dollars).
2. The decrease totals \$350 (Three Hundred Fifty United States Dollars). These funds were obligated for Miami family assistance payments, but were not needed and not paid in Miami.
3. All other terms and conditions of the original agreement remain in force and apply equally to this amendment. Each of the undersigned individuals represents that he is fully authorized to execute this agreement on behalf of his respective organization.

  
 Francisco de Ruiz  
 Chief of Finance  
 Nicaraguan Democratic Resistance

  
 Ted D. Morse  
 The Government of United  
 States of America  
 through the  
 Agency for International  
 Development

**OFFICIAL**

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20528

FAX TO TFM  
u

FAP: AGREEMENTS

Action: LINA/DO

CC: TM  
RM

**PHASE III**

**FAMILY ASSISTANCE PAYMENT LETTER AGREEMENT**

**AMENDMENT 8**

**DATE: January 3, 1990**

This is to amend the Phase III Family Assistance Payment Letter Agreement between the Agency for International Development (A.I.D.) and the Nicaraguan Democratic Resistance (NDR) dated May 1, 1989 for family assistance payments in Honduras and other places where the Nicaraguan Democratic Resistance and/or their families are located. The Agreement is hereby amended to include the following changes:

1. The Grant is increased by \$303,871 (Three Hundred Three Thousand, Eight Hundred Seventy One United States Dollars), which when added to the funds obligated to date of \$2,770,243 (Two Million, Seven Hundred Seventy Thousand, Two Hundred Forty Three United States Dollars) will increase the maximum to \$3,074,114 (Three Million, Seventy Four Thousand, One Hundred Fourteen United States Dollars).
2. Funds provided in this amendment are for family assistance payments through January, 1990. It is understood that of the amount obligated herein, up to \$229,521 (Two Hundred Twenty-nine Thousand, Five Hundred Twenty-one United States Dollars) is for family assistance payments of the ERN North in Honduras; up to \$33,500 (Thirty Three Thousand, Five Hundred United States Dollars) is for family assistance payments to the resistance force known as Yatama; and up to \$40,850 (Forty Thousand, Eight Hundred Fifty United States Dollars) is for family assistance payments to Resistance family members in Miami. All payments under this grant are to be made in accordance with previously established procedures and will be verified by USAID staff.

3. All other terms and conditions of the original agreement remain in force and apply equally to this amendment. Each of the undersigned individuals represents that he is fully authorized to execute this agreement on behalf of his respective organization.

Francisco de Ruiz  
Chief of Finance  
Nicaraguan Democratic Resistance

Ted D. Morse  
The Government of United  
States of America  
through the  
Agency for International  
Development

**FISCAL DATA:**

Letter Agreement No.: 594-0005-A-00-9003-07  
Appropriation No.: 72-119/01038  
Budget Plan Code: VRR99029594HG84  
Project No.: 594-0005.00  
Amount \$303,871

<u>Target Group</u>	<u>Element Number</u>	<u>Reservation Control No.</u>	<u>Amount Obligated This Amendment</u>
ERN North	31	A931000	\$229,521
Miami	33	A933000	\$40,850
Yatama	34	A934000	\$33,500
TOTAL.....			\$303,871

Funds Available:

Linda Tarpeh-Doer TFHA/Controller

FISCAL DATA:

Letter Agreement No.: 594-0005-A-00-9003-07  
Appropriation No.: 72-119/01038  
Budget Plan Code: VRR99029594HG84  
Project No.: 594-0005.00  
Amount (\$350)\*

<u>Target Group</u>	<u>Element Number</u>	<u>Reservation Control No.</u>	<u>Amount Obligated This Amendment</u>
Miami	33	A933000	(350)*

\*This represents a decrease.

*Bob*

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

PHASE III

FAMILY ASSISTANCE PAYMENT LETTER AGREEMENT

AMENDMENT 9

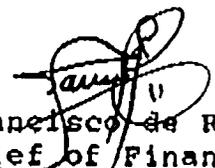
DATE: February 5, 1990

This is to amend the Phase III Family Assistance Payment Letter Agreement between the Agency for International Development (A.I.D.) and the Nicaraguan Democratic Resistance (NDR) dated May 1, 1989 for family assistance payments in Honduras and other places where the Nicaraguan Democratic Resistance and/or their families are located. The Agreement is hereby amended to include the following changes:

1. The Grant is increased by \$607,742 (Six Hundred Seven Thousand, Seven Hundred Forty Two United States Dollars), which when added to the funds obligated to date of \$3,074,114 (Three Million, Seventy Four Thousand, One Hundred Fourteen United States Dollars), will increase the maximum to \$3,681,856 (Three Million, Six Hundred Eighty-One Thousand, Eight Hundred Fifty-Six United States Dollars).
2. Funds provided in this amendment are for family assistance payments for February and for March, 1990. It is understood that for each of these months, up to \$229,521 (Two Hundred Twenty-nine Thousand, Five Hundred Twenty-one United States Dollars) is for family assistance payments of the ERN North in Honduras; up to \$33,500 (Thirty Three Thousand, Five Hundred United States Dollars) is for family assistance payments to the resistance force known as Yatama; and up to \$40,850 (Forty Thousand, Eight Hundred Fifty United States Dollars) is for family assistance payments to Resistance family members in Miami. All payments under this grant are to be made in accordance with previously established procedures and will be verified by USAID staff.

3. Actual payment of these funds and the conditions thereof, will require prior confirmation from the Task Force on Humanitarian Assistance in Honduras.

4. All other terms and conditions of the original agreement remain in force and apply equally to this amendment. Each of the undersigned individuals represents that he is fully authorized to execute this agreement on behalf of his respective organization.

  
 Francisco de Ruiz  
 Chief of Finance  
 Nicaraguan Democratic Resistance

  
 Ted D. Morse  
 The Government of United  
 States of America  
 through the  
 Agency for International  
 Development

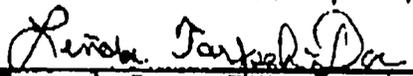
**FISCAL DATA:**

Letter Agreement No.: 594-0005-A-00-9003-09  
 Appropriation No.: 72-119/01038  
 Budget Plan Code: VRR99029594HG84  
 Project No.: 594-0005.00  
 Amount \$607,742

<u>Target Group</u>	<u>Element Number</u>	<u>Reservation Control No.</u>	<u>Amount Obligated This Amendment</u>
ERN North	31	A931000	\$459,042
Miami	33	A933000	\$81,700
Yatama	34	A934000	\$67,000

TOTAL..... \$607,742

Funds Available:

  
Linda Tarpeh-Doe, TFHA/Controller

OFFICIAL  
TF/IA/WASH

TEL No. 2026470924

Jan 4, 90 11:18 No. 004 P. 01

FAP: CR

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

*RM*  
*LTD*  
*DS*  
*TM*

PHASE III  
COSTA RICA FAMILY ASSISTANCE PAYMENT

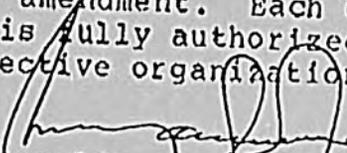
AMENDMENT 1

DATE: January 2, 1990

This is to amend the Phase III Family Assistance Payment Letter Agreement between the Agency for International Development (A.I.D.) and the Nicaraguan Democratic Resistance dated December 11, 1989 for family assistance payments to the Southern Front in Costa Rica. The Agreement is hereby amended to include the following changes:

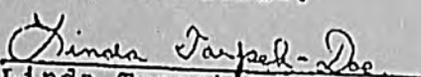
1. The Grant is increased by \$49,125 (Forty Nine Thousand, One Hundred Twenty Five United States Dollars), which when added to the original agreement of \$49,475 (Forty Nine Thousand, Four Hundred Seventy Five United States Dollars) will increase the maximum to \$98,600 (Ninety Eight Thousand, Six Hundred United States Dollars).
2. It is understood that of the above amount up to \$48,275 (Forty Eight Thousand Two Hundred Seventy-Five United States Dollars) is for family assistance payments through January 1990, and up to \$850 (Eight Hundred Fifty United States Dollars) is to cover administrative costs for family assistance payments in Costa Rica.
3. All payments under this grant are to be made in accordance with previously established procedures and will be verified by USAID staff.

All other terms and conditions of the original agreement remain in force and apply equally to this amendment. Each of the undersigned individuals represents that he is fully authorized to execute this agreement on behalf of his respective organization.

  
Rinaldo Evaristo Marenco,  
Southern Front Coordinator for  
Administration and Finance,  
Nicaraguan Democratic Resistance

  
Ted D. Morse  
The Government of United  
States of America  
through USAID

Funds Available:

  
Linda Tarpoh-Doe.

42

**FISCAL DATA:**

Letter Agreement No.: 594-0005-A-00-0001-01  
 Appropriation No.: 72-119/01038  
 Budget Plan Code: VRR99029594HG84  
 Project No.: 594-0005.00  
 Amount \$49,125

<u>Target Group</u>	<u>Element Number</u>	<u>Reservation Control No.</u>	<u>Amount Obligated This Amendment</u>
Costa Rica FAP (Jan)	32	A932000	\$48,275
Costa Rica FAP Admin	67	P967006	\$ 850
Total.....			\$49,125

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

DS

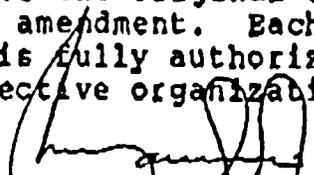
PHASE III  
COSTA RICA FAMILY ASSISTANCE PAYMENT  
AMENDMENT 2

DATE: February 5, 1990

This is to amend the Phase III Family Assistance Payment Letter Agreement between the Agency for International Development (A.I.D.) and the Nicaraguan Democratic Resistance dated December 11, 1989 for family assistance payments to the Southern Front in Costa Rica. The Agreement is hereby amended to include the following changes:

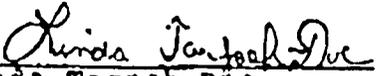
1. The Grant is increased by \$98,250 (Ninety Eight Thousand, Two Hundred Fifty United States Dollars) which when added to the original agreement as first amended of \$98,600 (Ninety Eight Thousand, Six Hundred United States Dollars) will increase the maximum to \$196,850 (One Hundred Ninety Six Thousand, Eight Hundred Fifty United States Dollars).
2. Funds provided in this amendment are for family assistance payments for February and for March, 1990. It is understood that for each of these months, up to \$48,275 (Forty Eight Thousand Two Hundred Seventy-Five United States Dollars) is for family assistance payments, and up to \$850 (Eight Hundred Fifty United States Dollars) is to cover administrative costs for family assistance payments in Costa Rica.
3. Actual payment of these funds and the conditions thereof, will require prior confirmation from the Task Force on Humanitarian Assistance in Washington. All payments under this grant are to be made in accordance with previously established procedures and will be verified by TFHA staff.

All other terms and conditions of the original agreement remain in force and apply equally to this amendment. Each of the undersigned individuals represents that he is fully authorized to execute this agreement on behalf of his respective organization.

  
Rumaldo Evaristo Baranco,  
Southern Front Coordinator for  
Administration and Finance,  
Nicaraguan Democratic Resistance

  
Ted D. Morse  
The Government of United  
States of America  
through the  
Agency for International  
Development

Funds Available:

  
Linda Tarpeh-Doe,  
TFHA/Controller

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**FISCAL DATA:**

Letter Agreement No.: 594-0005-A-00-0001-02  
Appropriation No.: 72-119/01038  
Budget Plan Code: VRR99029594HG84  
Project No.: 594-0005.00  
Amount \$98,250

<u>Target Group</u>	<u>Element Number</u>	<u>Reservation Control No.</u>	<u>Amount Obligated This Amendment</u>
Costa Rica PAP	32	A932000	\$96,550
Costa Rica PAP Admin	67	P967006	\$ 850
Costa Rica PAP Admin	67	P967010	\$ 850
Total.....			\$98,250

*King*  
*1/4*

**Price Waterhouse**  
*Interamerica*

Tegucigalpa, Honduras  
April 28, 1988

Mr. Coinage Gothard  
Regional Inspector  
General for Audit  
U.S. Agency for International  
Development  
Tegucigalpa, D.C., Honduras

Dear Mr. Gothard:

In response to Mr. Layton's request conveyed by telephone yesterday, this letter describes the procedures used by the Nicaraguan Democratic Resistance (NDR) under other aid programs for making family assistance cash payments and is based solely on the information provided to us by the Financial Department of the YDR (Shena and Cuahtemoc of that department). These procedures have not been documented in writing. Because we have not tested the procedures surrounding the cash payments made with respect to the family assistance program, the scope of work was not sufficient to enable us to express, and we do not express, an opinion on the adequacy of the procedures listed below.

1) Authorization for Assistance

All persons eligible for assistance are authorized by 380 (Comandante General) by means of a memorandum signed by the same based on information provided by the individual concerned or by his comandante.

2) Payments Schedule

Each Section Chief or Comandante prepares a payment schedule according to the authorizations provided by 380. The amount of the payments vary according to the rank or position held by the NDR member. The monthly payment schedule is as follows:

- (a) Regional Comandantes: \$ 800/month  
(equivalent in lempiras at black market rate)
- (b) Force Comandantes: L. 800/month
- (c) Administrative Executives: L. 800/month
- (d) Regional Officers: L. 300/month
- (e) Force Officers: L. 200/month

(f) Troops:

From L. 50/month to  
L. 200/month  
according to  
authorization of 380

When a soldier is killed or missing, the payments are transferred to a special schedule for payment according to an authorizing statement previously signed by the soldier. If there is no authorizing statement, the family of the soldier is identified and the payment is authorized by 380.

3) Payment Schedule Review

All the payment schedules are presented to the Financial Department where they are compared with the schedules of the previous month. All variations are investigated, documented or rejected.

4) Disbursement Processing

Once the payment schedules have been reviewed by the Financial Department, the originals are delivered to the appropriate U.S. Embassy officials who conduct another review (comparison with previous month schedules). Once all doubtful items have been settled, the cash is delivered to the Chief Financial Officer (Comandante Renato).

5) Distribution of Cash

The Chief Financial Officer turns cash over to his assistants, obtaining a receipt for the sum delivered. Cash payments take place in three (3) different zones: San Andres/Aguacate, Danli (includes sub-zones Yamale, Capire, and El Paraiso), and Tegucigalpa (includes sub-zones Cosigüina, Jardín, Rancho Grande, suministros, and clínicas).

6) Payment of Cash

The Chief Financial Officer's assistants travel to the zones mentioned above accompanied by one bodyguard and a driver when the zone is accessible by land. The assistants proceed to hand over the appropriate payment to the recipients. No identification is requested but a signed receipt is obtained from the recipient. We were informed that in the past identification cards were

used by the NDR for payment purposes. In March 1988, payments totalling L. 280,000 were made to 2100 soldiers or their designated recipients.

7) Liquidation of Funds

Upon completing the payment of cash to the recipients, the assistants prepare a liquidation report containing the following information:

Amount Received  
Amount Paid Out  
Amount Retained

(The liquidation report for March 1988 has not been prepared as of this date.) For the amount retained, a list of recipients to whom payment is owed is prepared and the cash is returned for safekeeping in a vault by the Chief Financial Officer.

The original receipts and the list of unpaid beneficiaries are remitted to the appropriate officials of the U.S. Embassy. The following month, each Financial Department assistant takes an estimated sum of money to pay cash owed from the previous month. A liquidation report is prepared in the same fashion described above.

The procedures described above were determined through conversations with functionaries of the Financial Department and through the review of some supporting documents. However, at this time we cannot ascertain whether these procedures function in practice. The limited scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the procedures included herein related to the family assistance program.

For the moment, we believe that the following recommendations should be considered for future family assistance programs:

- 1) The authorization of persons eligible for receiving payments should be approved by at least two individuals. Eligibility criteria should be developed. This criteria should include qualifications for participation and amounts to be provided for each eligible family.

Mr. Coinage Gothard

Page 4

- 2) A master database of beneficiaries should be created and computerized. Modifications to such database (additions and deletions of beneficiaries) must be duly authorized. The payment schedules should be created from this master database; special schedules should be created for exceptional cases.
- 3) The payment schedules should contain an area for signatures indicating that the appropriate review and authorization of the payment schedule has been performed. Also, the variations of the current schedule from the previous month's schedule should be explained in writing in an attached memorandum.
- 4) The security force accompanying the persons carrying cash should be reinforced because of the magnitude of the monetary amounts involved.
- 5) The procedures for identification of the persons receiving payments should be strengthened.
- 6) A policy regarding the payments not delivered to the beneficiary should be developed. The normal procedure is to return the cash to a bank account after a specified period.
- 7) The Financial Department assistants should be rotated among the different zones of payment on periodic basis.
- 8) Surprise independent observations of the payments to the beneficiaries should be conducted from time to time.
- 9) The liquidation of funds should be conducted no later than 10 days after the end of the payment period.
- 10) Observations of payments by independent auditors should be performed in order to certify that the payments were made to eligible persons and for the proper amount.

We understand that we may be observing similar payments in the future. Public Law 100-276 does not appear to specifically authorize cash payments to soldiers or their families since the law only authorizes payments for food, clothing, shelter, medical supplies, medical services, and payment for such items or services. We have requested from the Task Force legal opinions on all the types of expenditures authorized under the law. Unless we receive a legal opinion on these payments, we may have

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Mr. Coinage Gothard  
Page 5

to question all of these expenditures in our report.

If you have any further questions on this matter, please do not  
hesitate to call us at the above listed telephone number.

Sincerely,



Paul G. Flores

UNCLASSIFIED  
Department of State

OUTGOING  
TELEGRAM

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APPROVED BY: AID/TFHA:THORSE  
TFHA:THORSE TFHA:JLOVAAS  
TFHA:RMEIGHAN TFHA:HHOLLAND  
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AIDAC TFHA:LAYTON/BUECHLER

E.O. 12356:6: N/A  
TAGS:

SUBJECT: FAMILY ASSISTANCE/PROFESSIONAL SALARIES

1. THE CONTROLLER TFHA/HONDURAS IS AUTHORIZED TO MAKE A SUBJECT PAYMENT FOR THE MONTH OF APRIL. PAYMENT OF NOT TO EXCEED LEMPIRAS 456,303.00, EQUIVALENT TO DOLLARS 229,152.50, IS TO BE MADE TO THE GROUP AUTHORIZED FOR LIMPIRA PAYMENTS. A SEPARATE FAMILY ASSISTANCE/PROFESSIONAL SALARIES PAYMENT OF UP TO A MAXIMUM OF LEMPIRAS 123,613 IS AUTHORIZED IN LIEU OF PREVIOUSLY DESIGNATED DOLLAR EQUIVALENT PAYMENTS AUTHORIZED FOR THE SECOND GROUP IN HONDURAS. THIS BRINGS THE TOTAL MAXIMUM LEMPIRA GRANT PAYABLE IN HONDURAS TO 581,916 OR THE EQUIVALENT DOLLARS 290,953. WE UNDERSTAND THAT REGIONAL COMMANDER, NR ID NO: 000313, IS PROPERLY AUTHORIZED REPRESENTATIVE OF THE R/P. TO RECEIVE GRANT FUNDS FOR PROCESSING THESE PAYMENTS.

2. FYI: IN ADDITION, THERE IS A SEPARATE US DOLLAR GRANT NOT TO EXCEED DOLLARS 40,500 FOR MIAMI WHICH IS BEING PAID FROM AID/W.

3. THE AUTHORITY FOR PAYMENTS IS BASED ON THE FOLLOWING LETTER AGREEMENT QUOTE:

LETTER AGREEMENT

DATE: APRIL 30, 1988

PURSUANT TO THE AUTHORITY CONTAINED IN JOINT RESOLUTION 523, PUBLIC LAW 100-276 OF APRIL 1, 1988, AND THE DELEGATION OF AUTHORITY FROM THE ADMINISTRATOR OF THE AGENCY FOR INTERNATIONAL DEVELOPMENT TO THE DIRECTOR OF THE TASK FORCE ON HUMANITARIAN ASSISTANCE IN CENTRAL AMERICA DATED THAT SAME DAY; THE GOVERNMENT OF THE UNITED STATES OF AMERICA, ACTING THROUGH THE AGENCY FOR INTERNATIONAL DEVELOPMENT, HEREBY GRANTS TO THE NICARAGUAN DEMOCRATIC RESISTANCE UP TO A MAXIMUM OF LEMPIRAS 581,916.00 OR THE EQUIVALENT TO DOLLARS 290,959 TO MEET FAMILY ASSISTANCE/PROFESSIONAL SALARIES IN HONDURAS AND UP TO A MAXIMUM OF DOLLARS 40,500 TO MEET FAMILY ASSISTANCE/PROFESSIONAL SALARIES IN MIAMI. ALL PAYMENTS UNDER THIS GRANT ARE TO BE MADE IN ACCORDANCE WITH PREVIOUSLY ESTABLISHED NICARAGUAN DEMOCRATIC RESISTANCE PROCEDURES WHICH WILL BE VERIFIED BY USAID STAFF, AND ARE NOT TO EXCEED THE INDIVIDUAL RECIPIENT AMOUNTS, NUMBER OF RECIPIENTS OR TOTAL PAYMENT AMOUNTS CONTAINED IN THE FEBRUARY 1988 DISBURSEMENTS FOR THIS

PURPOSE.

IT IS UNDERSTOOD THAT FINANCIAL RECORDS, INCLUDING DOCUMENTATION TO SUPPORT ENTRIES ON ACCOUNTING RECORDS AND TO SUBSTANTIATE FINANCIAL CHARGES AGAINST THIS AGREEMENT SHALL BE MAINTAINED IN ACCORDANCE WITH THE USUAL ACCOUNTING PROCEDURES OF THE NICARAGUAN DEMOCRATIC RESISTANCE, WHICH SHALL FOLLOW GENERALLY ACCEPTED ACCOUNTING PRACTICES. ALL SUCH FINANCIAL RECORDS SHALL BE MAINTAINED FOR AT LEAST THREE YEARS AFTER FINAL DISBURSEMENT OF FUNDS UNDER THIS AGREEMENT. THE NATIONAL DEMOCRATIC RESISTANCE AGREES TO MAKE AVAILABLE TO USAID AND FOR THE COMPTROLLER GENERAL OF THE UNITED STATES ALL RECORDS AND DOCUMENTS WHICH SUPPORT EXPENDITURES MADE WITH THIS CONTRIBUTION.

ERNESTO PALAZIO  
NICARAGUAN RESISTANCE  
WASHINGTON REPRESENTATIVE

TED MORSE  
THE GOVERNMENT OF THE UNITED STATES OF AMERICA  
THROUGH THE AGENCY FOR INTERNATIONAL DEVELOPMENT

4. FYI: DELIVERY OF CURRENCY TO INDIVIDUAL PAYING CLERKS/LOCATIONS ARE TO BE MONITORED BY IG PERSONNEL AS ARE DELIVERIES TO PAYEES. PAYEE NAMES AND SIGNATURES OR EQUIVALENT ARE TO BE SPOT CHECKED AGAINST PRIOR MONTHS LISTED SIGNATURES ON AN EX POST FACTO BASIS. A REPORT SHOULD BE ISSUED BY LISTING NOTED DISCREPANCIES, IF ANY. ADDITIONS TO THE FAMILY ASSISTANCE/PROFESSIONAL SALARIES LISTS, IF ANY, MUST BE PROPERLY DOCUMENTED AND APPROVED IN ACCORDANCE WITH PRE-ESTABLISHED CRITERIA. AID/W IG IS INSTRUCTING RIG/W TO MONITOR DELIVERY OF THESE PAYMENTS.

5. FUNDING DATA FOR THIS OBLIGATION FOLLOWS:

APPROPRIATION: 72-11S1038  
BPC: VRR48329594HG84

6. NOTE: THERE IS TO BE NO, REPEAT NO, INCREASE IN THE AMOUNT OF SUBJECT ASSISTANCE FROM PAST PAYMENT FOR COST OF LIVING, CHANGE IN RESPONSIBILITIES, OR CHANGE IN THE NUMBER OF AUTHORIZED RECIPIENTS. THE AMOUNTS AUTHORIZED IN PARA 1 AND THE GRANT ARE MAXIMUMS; THE PROPOSED APRIL PAYMENTS MUST BE REDUCED BACK TO THE FEBRUARY 1988 FAMILY ASSISTANCE/PROFESSIONAL SALARIES LEVELS. SHULTZ

UNCLASSIFIED

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## *Price Waterhouse*

Tegucigalpa, Honduras  
June 2, 1988

Mr. Coinage Gothard  
Regional Inspector General  
for Audit  
Agency for International  
Development (AID)  
Tegucigalpa, D.C.

Dear Mr. Gothard:

This letter is to report our findings regarding the Task Force for Humanitarian Assistance (TFHA) Family Assistance Program (FAP) payments that were conducted on May 19 and 20, 1988, in Miami, Florida. One auditor (U.S. citizen) from our Tegucigalpa office spent the days of May 17 - 20 in Miami where he reported to Mr. Everette Orr of your office.

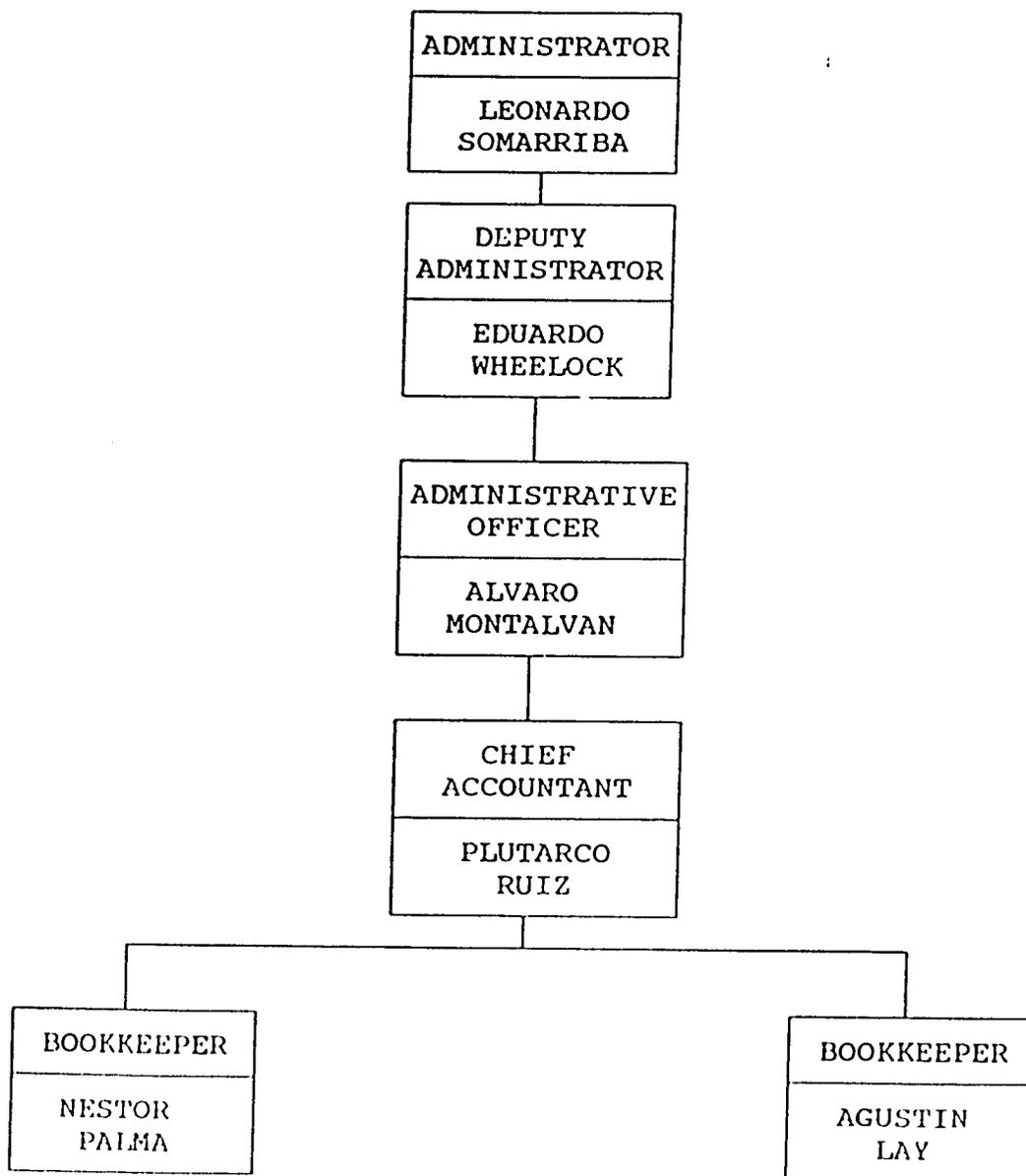
Our investigations and observations focused exclusively on the Family Assistance payment corresponding to the month of April 1988, the first such payment delivered by AID to Nicaraguan Resistance (NR) beneficiaries in the United States. This particular component of the Family Assistance program serves NR combatants with families residing in the United States who have been authorized to receive payments for military services rendered (hereafter referred to as the "beneficiary"). This letter exclusively reports findings resulting from these investigations and observations.

### I. FAMILY ASSISTANCE PROGRAM PROCEDURES

The FAP in the United States has been administered in the past from a different funding source through Bexley International Trading, Inc. (Bexley). This company is incorporated in Panama and is represented legally in the United States by Mr. Alvaro Montalvan. Bexley has no apparent other function than to serve as the paying agent and accounting unit for the FAP. Bexley is physically located in the same office as Pan American Information Services (PAIS), a Florida company that serves as the administrative unit for the political wing of the NR. Bexley has no paid employees and its premises are not

physically distinguishable from those of PAIS. PAIS signs all contracts with landlords, vendors, employees, etc. The personnel referred to in this report are all PAIS employees even though they may be performing functions in the name of Bexley. Under the AID-funded FAP, Bexley will continue to serve as the paying agent and accounting unit for the program.

Although not defined as such by Bexley, a functional organization chart of the company may be represented as follows:



The FAP payment procedures have not been documented in writing and the following descriptions of procedures were gained through interviews conducted with Bexley and PAIS personnel.

A. AUTHORIZATION FOR ASSISTANCE

1) Eligibility

All persons eligible for this particular payment were authorized by means of a list delivered by TFHA officials to Mr. Everette Orr in Tegucigalpa. Mr. Orr delivered the list to Mr. Somarriba. Conversations with Mr. Somarriba indicated that Enrique Bermúdez, Military Commander of the RN, designated the beneficiaries and the payment amounts, including his own. There exists no formal set of criteria for designating or removing beneficiaries, and in fact several beneficiaries who had been receiving payments under the previous program were deleted from the April 1988 list. The total number of beneficiaries for this period was 34. In previous periods, the total number of beneficiaries ranged from 40-42. All of the beneficiaries on the April 1988 list were on the March and February 1988 lists and April individual benefits matched the February amounts.

2) Authorized Recipient of Funds

Due to the fact that many of the beneficiaries on the list are not physically present in the United States and some are now dead, the NR collected a certain number of signed letters from the beneficiaries which authorize third parties to receive their funds. However, many of these letters were missing information or were worded ambiguously. Also, not all beneficiaries had provided a letter to Bexley. At the time of payment it was necessary for Mr. Somarriba to make a visual identification of the person receiving the funds (hereafter referred to as the "recipient"), thus authorizing the release of the funds to that person. Corrective action has been taken to collect unambiguous and complete recipient authorization letters from all of the beneficiaries and it is expected that this problem will be resolved by the next payment period.

B. TRANSFERRAL OF FUNDS

1) Transfer Mechanism

Under the previous program, funds were transferred by cable from accounts belonging to various intermediaries into an account at a local Miami bank belonging to Bexley. This is a separate bank account called "Bexley International Trading II" and only funds for FAP are deposited in this account. For the April payment, funds were transferred in the same manner from a U.S. Treasury account belonging to AID.

2) Transfer Timetable

Under the previous program, funds were often transferred late, and on at least one occasion, Bexley was forced to make beneficiary payments from a different account and then repay that account when the funds were finally received. This has been a chronic problem and it has led to some unnecessary administrative overhead which will be detailed below. The funds for the April payment were received on April 29, 1988. No reason was found for the tardy transfer, though it may be attributed to project start-up difficulties.

C. PAYMENT PROCEDURES

1) Payment Schedule

The beneficiary payment schedule with names and respective payment amounts is delivered by Mr. Wheelock to the Accounting Department (of PAIS). Bookkeeper Agustin Lay stamps schedule with "Received" stamp, then dates and initials the schedule. In the right hand margin, he writes in the name of the authorized recipient. If a money order or cashier's check needs to be purchased, this is also indicated in writing in the right-hand margin. In the left hand margin, the bookkeeper writes the number of the Bexley check corresponding to the beneficiary.

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2) Payment Schedule Review

Since the payment schedule arrives at Bexley pre-approved, no review is conducted.

3) Disbursement Processing

- (a) Bookkeeper Agustin Lay writes out the name of the beneficiary or authorized recipient on the check. If a money order or cashier's check needs to be purchased, a check is made out to the bank where they will be purchased. The name of the beneficiary and the payment period date is written on the corresponding checkbook stub and on the check as well. The checkbook stub is retained in the checkbook along with the check copy.
- (b) The checks are handed to P. Ruiz, Chief Accountant, who compares the name on the check with the payment schedule and, if no discrepancies are found, imprints check with the correct amount using a Paymaster Check Protector machine.
- (c) The checks and the payment schedule are handed to E. Wheelock, Deputy Administrator, who compares checks with payment schedule and signs checks if no discrepancies are found. He hands checks to L. Somarriba, Administrator, who also signs the checks.
- (d) The checks and the payment schedule are handed to another member of the Bexley/PAIS administrative staff who will act as paymaster.
- (e) If a discrepancy is discovered at any point in the processing steps described above, the check is voided and filed in the canceled check file. A new check is processed following the steps described above.

4. Distribution of Checks

- (a) The beneficiaries or authorized recipients that live in the Miami area are called by telephone and requested to come to the Bexley offices to pick up checks. Under the previous program, they picked up checks at the Fundación de Nicaragua. Since the paymaster at the Fundación was removed from the beneficiary list, checks will now be distributed at Bexley's offices.
- (b) The beneficiary or authorized recipient arrives and presents a photo identification card to the paymaster. The paymaster compares the photo with the bearer of the card, notes card number and name and compares it with the payment schedule and the file of recipient authorization letters. If the name matches the names on both documents, the paymaster writes card number and name on the receipt. The recipient signs the receipt and is handed the check. If the name does not match those on the payment schedule and authorization letter, L. Somarriba is called to visually identify the recipient and approve the transaction. This occurred in four cases during our observation.
- (c) Uncollected checks are given back to the Chief Accountant who locks them in the company safe until the recipient can be contacted. We were informed that no checks have ever gone uncollected and there is no defined procedure for processing uncollected checks.
- (d) At least seven of the authorized recipients do not reside in the Miami area. In these cases, money orders (for amounts less than \$1000) and cashier's checks are purchased with checks made out to the bank. These are mailed by registered mail to the authorized

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recipients along a stamped self-addressed envelope containing the receipt which the recipient must sign and mail back to Bexley. PAIS absorbs all of these costs. The reason these monetary instruments are purchased is because the payment is usually so late that NR officials do not want the recipients to have to wait even longer for the out-of-state check to clear.

- (e) In two cases, checks are deposited directly in the authorized recipient's bank account. This has been authorized in both cases by means of a signed authorization letter.
- (f) In one case, the check was delivered in person to the authorized recipient at her home. This was an unusual case resulting from the internal conflicts the NR has recently experienced. The identification procedures described above were also followed in this case.
- (f) The signed receipts are filed by payment period. Registered mail, money order, bank deposit, and cashier's check receipts are attached to signed receipt when appropriate.

D. LIQUIDATION OF FUNDS

For the April, 1988, FAP payment, \$40,600 was deposited in the Bexley account by an electronic funds transfer. The total amount paid out for this period, however, only totalled \$31,800, net of additions and deletions to the beneficiary list. Under the previous program, the extra funds were kept by Bexley and the funding source was informed of this fact. The funding source then deducted the difference from the following month's transfer.

When asked what they planned to do with the leftover funds from the April period, L. Somarriba and A. Montalvan responded that they would follow the same procedure as before.

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E. BANK RECONCILIATIONS

1) Documents

The following documents are archived in the bank reconciliation file:

- (a) Reconciliation sheet
- (b) Electronic funds transfer credit advice
- (c) Monthly bank statement

2) Reconciliation Procedure

- (a) When credit advice is received, it is initialed by N. Palma, bookkeeper, and held until it can be attached to the corresponding monthly bank statement.
- (b) Monthly bank statement is received at end of month by N. Palma who prepares the monthly reconciliation sheet. Statement is reconciled with returned canceled checks and checkbook register. Outstanding checks are listed on reconciliation sheet and the monthly ending balance is calculated.
- (c) Each month's reconciliation sheet showed a large number of outstanding checks. This is probably due to the lateness of the wire transfers and subsequent payments.
- (d) Several tests were conducted on various reconciliation sheets for mathematical accuracy and procedure. Our auditor found no errors or faulty procedures.
- (e) Canceled checks are filed in numerical order in a separate file.

II. SOCIAL SECURITY AND TAX WITHHOLDING

Under the previous program, no Social Security and income tax was withheld from the monthly payments. When the issue was raised regarding the AID FAP payments, L. Somarriba consulted officials at the previous funding source. They

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responded after some time that this issue had to be resolved by AID since it was now providing the funding. After consultations with TFHA and other AID officials in Washington, D.C., Henry Holland, TFHA/Washington Controller decided to proceed with the payments without resolving this issue.

The following issues still need to be resolved regarding withholding of Social Security contributions and income taxes owed:

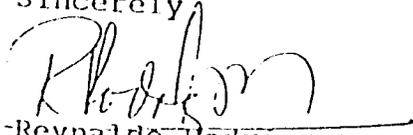
- A. Will there be withholding or not?
- B. If there will be withholding, W-4 forms for the beneficiaries need to be collected.
- C. If there will be no withholding, a legal opinion and an IRS citation on the matter should be obtained.
- D. If there will be withholding, the following issues must be considered:
  - 1) Bexley, a Panamanian corporation, has no employer identification number and could not process this type of payment right now.
  - 2) If PAIS was used to make the payments, it would have to also pay the same benefits it pays to other employees or risk a charge of employee discrimination.
  - 3) A new corporation, incorporated in the United States could be established to make the payments.
  - 4) More funds would be needed as the employer also has to make a Social Security contribution.
  - 5) Many Social Security numbers are unobtainable since the beneficiaries are combatants residing in remote areas.

III. RECOMMENDATIONS

- A. The authorization of persons eligible for receiving payments should be approved by at least two individuals. Eligibility criteria should be developed. This criteria should include qualifications for participation and the amounts to be provided to each beneficiary. A policy should also be developed to determine eligibility in the event of the beneficiary's death.
- B. Modifications to the payment schedules should be duly authorized.
- C. The payment schedules should contain an area for signatures indicating that the appropriate review and authorization of the schedule has been performed. Also, the variations of the current schedule from the previous month's schedule should be explained in writing in an attached memorandum.
- D) Complete and unambiguous designated recipient authorization letters should be collected as soon as possible.
- E) A policy regarding the payments not delivered to the beneficiary should be developed.
- F) Surprise independent observations of the payments to the beneficiaries should be conducted from time to time.
- G) The liquidation of funds should be conducted no later than 10 days after the end of the payment period.
- H) The issue of the Social Security and income tax withholding should be resolved as soon as possible.

If you have any questions pertaining to the issues raised in this report, please don't hesitate to contact me.

Sincerely,

  
Reynaldo Rodriguez  
Director



Action: Bob

Info: Ted

Office of the General Counsel

B-225832.8

June 21, 1988

Howard M. Fry  
General Counsel  
Agency for International Development  
Washington, D.C. 20523

Dear Mr. Fry:

Thank you for your letter of June 15, 1988, responding to our inquiry concerning certain legal aspects of AID's delivery of assistance to the Nicaraguan Democratic Resistance under Public Law 100-276.

During the period between our letter and your response, we received a further request for a review of AID's implementation of Public Law 100-276 from Members of Congress who are specifically concerned with the legality of the programs providing cash payments to members of the Resistance. In addition, further information developed by GAO evaluators in Central America has raised questions concerning the operation of those programs. Accordingly, we would appreciate the benefit of your views on the following issues.

The cash payments to members of the Resistance under the "Family Assistance" program reportedly vary in amount on the basis of the rank of the recipient. In other words, a unit commander would receive substantially more in cash assistance than would the typical soldier. Does this disparity in payments negate whatever "humanitarian" character these payments might otherwise have, making the cash payments essentially an impermissible "military payroll."

A substantial number of recipients of assistance under the "Family Assistance" program reportedly are not members of families. Does this apparent inconsistency with the title and evident purpose of the "Family Assistance" program make payments to such recipients impermissible?

We would appreciate receiving any response you would care to make by July 14, 1988. Should you have any questions, please contact Frank Maguire of my staff at 275-5544.

Very truly yours,

Robert H. Hunter  
Assistant General Counsel

Bob

AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON D C 20523

THE ADMINISTRATOR

June 29, 1988

The Honorable Louis Stokes  
Chairman  
Permanent Select Committee  
on Intelligence  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

Thank you for your letter of May 16, 1988, concerning the family assistance component of the humanitarian aid to the Nicaraguan Resistance program. Your letter reflects our general understandings on this program. We have implemented the April and May payments using the above guidelines. We will continue to follow these understandings while implementing the program.

We appreciate the continuing opportunities to clarify mutual interests in this program with you and your staff.

Sincerely,

  
Alan Woods

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

HUMANITARIAN ASSISTANCE PROGRAM

REPORT ON FAMILY ASSISTANCE PROGRAM

AUGUST 29, 1988

August 29, 1988

Mr. Coinage N. Gothard  
Regional Inspector General  
for Audit  
U.S. Agency for International  
Development  
Tegucigalpa, Honduras

Dear Mr. Gothard:

This letter is to report our findings in connection with the principal procedures followed in the activities of the Family Assistance Program (FAP) in Costa Rica.

Our fact-finding review was performed through interviews with Mr. Raymond Baum, Task Force Coordinator of the Humanitarian Assistance Program, and representatives from the Nicaraguan Resistance (NR) in charge of FAP payments. This letter exclusively reports findings resulting from discussions held with these persons.

I - ORGANIZATION OF THE PROGRAM:

The FAP activities in Costa Rica are managed by an administrative commission formed by representatives of the Nicaraguan Resistance (NR). However, since the Nicaraguan Resistance is not legally incorporated in Costa Rica, funds provided by USAID under this Program are handled and controlled by Mr. Alfredo Guzmán López, NR Controller, through a personal bank account. Additionally, Mr. and Mrs. Edmundo Leal, other NR members, are the paying officers for the Program. The Program does not pay for any facility or personnel in connection with its activities.

II - PROCEDURES OF THE PROGRAM

Although the FAP procedures have not been documented in writing, the following summary was obtained through interviews performed:

A. ELIGIBLE PERSONS

There is no formal set of criteria for designating or removing eligible persons under the Program. Accordingly, beneficiaries under the Program are selected by NR commandants (Ganso, Leonel and Franklin Bos) following their personal judgement. These commandants prepare a monthly list

August 29, 1988  
Mr. Coinage N. Gothard  
Page 2

indicating the names of selected beneficiaries as well as the amount of the monthly allowance to be paid to each individual under the Program. We were told that the amount of the individual allowance depends upon the military grade of the beneficiary and ranges from a maximum of US\$975 to a minimum of US\$300 per month.

#### B. AUTHORIZED RECIPIENT OF FUNDS

Present procedures require that beneficiaries of the Program be physically present to receive payment under the Program. Otherwise, a written authorization is requested from them in order to make payment to their designated representative, which is done in few instances. Additionally, payments to those beneficiaries living in Nicaragua have not yet been made, due to the lack of an established procedure applicable to beneficiaries in such circumstances.

#### C. TRANSFER OF FUNDS

The procedures for transferring FAP funds from USAID/Costa Rica to the Nicaraguan Resistance are the following:

1. The USAID mission in Costa Rica processes the transferring of FAP funds based upon instructions from the local Task Force Coordinator and approval from authorized USAID officials.
2. Such transferring of funds is made through a check issued by a local commercial bank in the name of Mr. Alfredo Guzmán López, NR Controller, which must be deposited in his bank account No. 108467 with Banco Nacional de Costa Rica. It should be noted that Mr. Guzmán is the only person authorized to sign checks issued from this bank account.
3. At the time when FAP payments need to be made, Mr. Guzmán issues one or more checks from his personal bank account payable to Mr. Edmundo Leal, Paying Officer for the Program, who proceeds to cash the checks.

#### D. TRANSFER TIMETABLE

As of today, a defined timetable for FAP payments has not been established. Consequently, the Task Force Coordinator must arrange with the commandants and other related parties the timing for each month's FAP payments.

E. PAYMENT PROCEDURES

The Nicaragua Resistance has designated Mr. and Mrs. Edmundo Leal as the Paying Officers for FAP. These payments are made at the Leal's home in San José, Costa Rica, and the beneficiaries must go there upon notification by the commandants that funds are available for payment.

All FAP payments are made in cash and the principal procedures are as follows:

1. Based upon the list of beneficiaries approved by the commandants, individual receipts are issued by the paying officers and must be signed by the payee, the paying officer and the respective commandant in charge, for each payment made.
2. Each receipt contains a clear statement indicating that the funds are being provided only to assist payees in the purchase of food, clothing, shelter, medical services and medical supplies for themselves.
3. Additionally, before payment, identification documents (driver's license, refugee card and others) must be requested from each payee, or his designated representative, except for those individuals lacking such documents. In this last instance a personal identification of the payee by the respective commandant in charge must be requested.
4. Any excess funds resulting from unclaimed payments must be redeposited in bank account No. 108467.

The payment receipts are kept by Mr. Guzmán and a copy is retained by Mr. Leal. Furthermore, present procedures require that Price Waterhouse and RIG auditors perform an inspection of the payments mentioned. It should be noted that current procedures do not require the presence of the Task Force Coordinator during the performance of such payments.

F. ACCOUNTING RECORDS

The NR Controller presents to the Task Force Coordinator a summary of payments made by the Program and the number of beneficiaries and cash transactions involved. However, no formal accounting records exist to summarize FAP transactions and payments. Nevertheless, Mr. Guzmán, NR Controller, keeps individual cards summarizing monthly payments made to each beneficiary, together with the supporting documentation for the transactions in the bank account used by the

August 29, 1988  
Mr. Coinage N. Gothard  
Page 4

Program. We believe that such documents could be the basis for establishing the Program's accounting records, if deemed necessary by USAID. At the date of our review, no bank reconciliations had been prepared for the Program's bank account.

### III - RECOMMENDATIONS

We believe that the following recommendations will improve management of the Family Assistance Program in Costa Rica:

- A. A written policy should be developed by NR to document the applicable criteria for selection of beneficiaries under the Program. Furthermore, such policy should contain a description of the qualifications needed to be a beneficiary and guidelines for deletions and additions of individual beneficiaries of the Program, including those procedures that may apply in the event of death of the beneficiary.
- B. Document in writing the present procedures followed by the Program, including appropriate guidelines for approval of payments to be made to designated recipients of funds by the respective beneficiaries.
- C. A monthly list of beneficiaries should be approved in writing by the Task Force Coordinator, prior to payment. Such lists should be submitted by the commandants together with a brief explanation of the underlying reasons for additions or deletions of individuals from the prior month's list.
- D. USAID-Costa Rica and the Task Force Coordinator should define a timetable, in conjunction with NR members, to make payments under the Program.
- E. The Task Force Coordinator should develop an alternate procedure, subject to approval by RIG, to make payments to those beneficiaries of the Program not living in Costa Rica.
- F. Checks issued from the Program's bank account should be signed jointly by two NR members of the FAP's administrative commission.
- G. The Task Force Coordinator, or his designated representative, should be available at the time FAP payments are being made in the event any decision on payments is required.
- H. Monthly bank reconciliations of the Program's bank account should be prepared by the NR Controller on a timely basis. Additionally, it would be convenient if these

August 29, 1988  
Mr. Coinage N. Gothard  
Page 5

We shall be pleased to provide any additional information that you may require on the above comments or recommendations.

Yours very truly,

PRICE WATERHOUSE

Mike A. Santellanes

AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

October 4, 1988

MEMORANDUM

TO: AID/TFHA, Ted Morse  
FROM: AID/TFHA, *Robert B Meighan*  
SUBJECT: Making a Family Assistance Payment (FAP) to Enrique Bermudez for the Month of August

The Former Military Commander for the resistance, Enrique Bermudez, has been on the Miami FAP list for some time. In July of this year he was elected to the Directorate of the resistance. A.I.D. has a policy that persons in the political arm of the resistance, which includes members of the directorate, are not to be on the FAP list. Although Mr. Bermudez was elected to the Directorate in July, it is desired to allow him one month to make other financial arrangements for the support of his family before he is taken off the list. Thus he would be included in the list in August, but would not be included thereafter.

I see no legal problem in allowing Mr. Bermudez to be on the FAP list in August. He has been receiving FAP for some time based on his position in the resistance. The FAP has been provided so that he can supply the basic necessities of food, medicine, clothing, and shelter for his family. It seems very reasonable to allow a one month transition period now that his position has changed. I note the provision in the State Department Authorization Act of 1987 (Public Law 100-204, dated December 22, 1987), Section 109, which prohibits A.I.D. from using funds for publicity or propaganda purposes designed to support or defeat legislation pending before Congress. I do not think that that statute applies to this case. It seems obvious to me that TFHA is not using appropriated funds for the prohibited purpose. Mr. Bermudez has always received FAP for an authorized purpose, that of providing for his family while he was serving the resistance. The August Payment is made for the same purpose, the only difference being that it is a last transitional month. There is no reason to believe that Mr. Bermudez did in fact engage in publicity or propaganda

activities during August which were designed to support or defeat legislation pending before Congress. He was not even in Washington during August, according to him and State liaison officers. Certainly the August FAP payment to be made to him is not provided because TFHA wanted him to try to influence legislation. I think that the A.I.D. policy of not putting political directors of the resistance on the FAP list is a good one. Allowing this one month transitional payment does not raise havoc with that policy.

I spoke with Jon Miller, GC/EPA who agrees with this position. It was suggested, however, if we wish to be sure we are covered we could exercise our special statutory authority, which would make the inclusion of Mr. Bermudez on the August list proper beyond a doubt. I have drafted the attached finding for your signature to accomplish this.

AID/TFHA:RMieghan:ml:09/22/88:0752A

AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D C. 20523

DETERMINATION

Discussion:

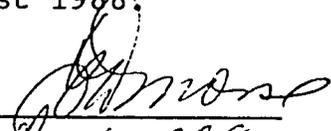
Enrique Bermudez has been on the Family Assistant Payment (FAP) list for some time as the military commander of the resistance. In July of this year Mr. Bermudez was elected to the resistance directorate. The Task Force for Humanitarian Assistance (TFHA) has a policy that the FAP list should only contain names of persons from the military and support arm of the resistance. Political directors are not to be included on the list. TFHA wishes to make a very limited exception to this policy for Mr. Bermudez. He will be allowed to be paid from the FAP program for the month of August 1988. After that time his name will no longer be included on the list, and he will no longer be eligible for FAP payments. This limited one month exception is being granted to give Mr. Bermudez that period of time to make other financial arrangements for the support of his family. Consultation with other government agencies confirms that Mr. Bermudez is not receiving similar assistance from any other Agency in August.

Authority:

Pursuant to Section 4 (e) of Public Law 100-276, dated April 1, 1988, A.I.D. has been granted extraordinary AID to expend program funds not withstanding and without regard to the provisions of law and regulations normally relating to government funds. As Director of TFHA you have been delegated this full authority by the Administrator of A.I.D. by virtue of his delegation of authority dated April 1, 1988.

Recommendation:

That you authorize the inclusion of Mr. Bermudez on the FAP list for the payment to be made covering August 1988.

Approved 

Date Oct. 4, 1988

Disapproved \_\_\_\_\_

U. S. MAILING ADDRESS:  
RIG/T  
MIAMI 34022

**AGENCY FOR INTERNATIONAL DEVELOPMENT**

OFFICE OF THE REGIONAL INSPECTOR GENERAL  
AMERICAN EMBASSY  
TEGUCIGALPA - HONDURAS

TELEPHONES:  
32-0044 & 32-0092  
also 32-3120/9, EXT. 293 & 296

September 8, 1988

MEMORANDUM

TO : Phil Buechler, Director TFHA/H  
FROM : *William N. Gothard*  
William N. Gothard Jr., RIG/A/T  
SUBJECT: August Family Assistance Payment (FAP) to Commandante 380

It has come to my attention that the Task Force may compensate Commandante 380 for the August 1988 family assistance payment.

When Commandante 380 was elected to the Nicaraguan Resistance's Political Directorate on July 26, 1988, he assumed major additional responsibilities beyond the scope intended by the family assistance program under Public Law 100-276. We believe Commandante 380 should be compensated in the same manner and by the same funding sources as other members of the Nicaraguan Resistances' Political Directorate and not from funds made available under Public Law 100-276.

Until today, we thought that the Task Force was in complete agreement with our position. Since there is now some possibility that the Task Force is reconsidering its previous position, I am formally recommending that the Task Force not compensate Commandante 380 from PL 100-276 funds but rather seek assistance from another agency for alternative funding sources from the normal and customary means of paying members of the Directorate.

**ACTION COPY**

UNCLASSIFIED  
*Department of State*

INCOMING TELEGRAM

PAGE 01 TEGUCI 20300 300004Z 4536 073376 AID0249  
ACTION AID-00

ACTION OFFICE TFHA-01  
INFO AALA-01 PDPR-01 IG-01 ES-01 IGW-04 RELO-01 AMAD-01  
TELE-01 /012 A0

INFO LOG-00 /000 W -----223713 300006Z /38

O 300007Z NOV 88  
FM AMEMBASSY TEGUCIGALPA  
TO SECSTATE WASHDC IMMEDIATE 6992

UNCLAS TEGUCIGALPA 20300

ADM AID

FOR DIRECTOR, TFHA/W; INFO TO DIG, JDURNIL FROM RIG/A/T

E. O. 12356: N/A  
SUBJECT: U. S. INCOME TAX WITHHOLDING ON FAP PAYMENTS

1. DURING THE MEETING ON NOVEMBER 15-16 WITH MEMBERS OF TFHA, NICARAGUAN RESISTANCE, PRICE WATERHOUSE AND RIG/A/T, THE TFHA DEVELOPED PROCEDURES ON INCOME TAX WITHHOLDING FOR RESISTANCE MEMBERS.
2. IN THIS MEETING TFHA DECIDED THAT THE MIAMI PAYEES WOULD PREPARE A TAX STATUS CERTIFICATION OR A W-4. IN THE TAX CERTIFICATION THE PAYEE WOULD CERTIFY THAT HE WAS NOT SUBJECT TO INCOME TAX BECAUSE: (1) HE WAS NOT A U. S. CITIZEN, OR A RESIDENT ALIEN IN POSSESSION OF A GREEN CARD; AND (2) HAD NOT BEEN PHYSICALLY PRESENT IN THE U. S. FOR A TOTAL OF 183 OR MORE DAYS DURING THE CURRENT CALENDAR YEAR, AND THE TWO PRECEDING CALENDAR YEARS. IN THE EVENT THAT IF EITHER ONE OF THE ABOVE SITUATIONS WERE NOT MET, THE PAYEE WOULD FILL OUT A W-4 AND INCOME TAXES WOULD BE WITHHELD FROM THE FAP PAYMENT.
3. THE ABOVE PROCEDURE PRESENTLY ONLY APPLIES TO THE MIAMI PAYEES, BUT NOT TO THE HONDURAS AND COSTA RICA PAYEES. THEREFORE, RIG/A/T REQUESTS A LEGAL OPINION FROM TFHA/W AS TO WHETHER THE HONDURAS AND COSTA RICA PAYEES SHOULD COME UNDER THE SAME PROCEDURES AS THOSE OF THE MIAMI PAYEES. BRIGGS

*Action: LT  
cc: TM  
JL  
RM*

UNCLASSIFIED

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Resistencia



Nicaragüense

EMPLOYEE TAX STATUS CERTIFICATION

I hereby certify that I am not subject to Income Tax Withholding under United States Income Tax Laws because:

- 1) I am not a U.S. Citizen, or Resident Alien in possession of a Green Card, and
- 2) During the Current Calendar Year, and the two preceding Calendar Years, I will not have been physically present in the United States for a Total of 183 or more days.

If either of the above two situations changes, I will immediately provide in writing a notification to the Finance Officer of the Nicaraguan Resistance.

\_\_\_\_\_  
Signed

\_\_\_\_\_  
Date

*B. Meighan*

AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

SEP 16 1988

MEMORANDUM

TO: D/TFHA, Ted D. Morse  
TFHA, John Lovaas

FROM: *Robert B. Meighan*  
TFHA, Robert Meighan

SUBJECT: Tax Withholding on Family Assistance Payments  
Made in Miami

Today Harry Dorcus and I went to talk to employees at the IRS about this matter. They are looking at the situation and expect to be able to give us advice soon. They would like to have the following additional information to help them make a judgment.

1. What is the corporate form of the Pan American Information Services (PAIS), which we understand to be the resistance organization in Miami. Is it a type of 501 not for profit corporation?
2. Of the persons on the FAP list for April through August, are any of the persons on the list U.S. citizens or holders of green cards. If so, where is the person living and what does he do for the Resistance?
3. What is the immigration status of persons on the FAP list who are in the United States, and what are they doing for the Resistance to be on the list? (Widow of Combatant, recovering from injury or illness, working with the resistance, retired from the resistance, waiting until such time as their skills are once again needed, other).

It is not necessary that this information be provided in reference to the name of the individual.

cc: TFHA, Harry Dorcus  
GC, Tim Fry

*16*

AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

October 13, 1988

Mr. Al Kelley  
Employee Benefits Section  
Internal Revenue Service  
Room 5327  
1111 Constitution Avenue  
Washington, D.C. 20224

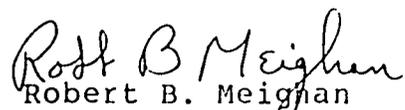
Dear Mr. Kelley:

Subsequent to our meeting yesterday, I spoke to an official of the Nicaraguan Resistance in Miami. He informed me that the Military Command and General Staff of the Resistance is located entirely in Central America. Although it performs many functions there, including formation of the Family Assistance Payments list for payments to be made in Miami, it does not have any legal organizational status under local laws.

I was further informed that all persons on the Family Assistance Payments list who perform services for the Resistance, perform those services in Central America. Noone is on the list who performs services in the United States. It is Resistance policy that one working for the political arm of the Resistance, which is located in Miami, can not be on the list. As an example of the application of this policy, I was referred to individual Number 26. He was included on the list in April 1988, when he was with the Military Staff of the Resistance in Central America. At the end of April he was transferred from Central America to work with the political arm of the Resistance in Miami. As a result of his transfer to Miami he was taken off of the Family Assistance Payments list. Individual Number 26 was not included on the May list or on any subsequent list. I was informed that this policy has been consistently applied to all persons on the list.

If you require any additional information please let me know. Your prompt attention to this matter is greatly appreciated.

Sincerely,

  
Robert B. Meighan  
Acting Director  
Task Force on Humanitarian  
Assistance

**DRAFT**

TO: Ted D. Morse

FROM: Robert B. Meighan

SUBJECT: Establishing a fixed schedule for monthly FAP payments.

Linda Tarpeh-Doe and I met recently in Miami with representatives from RIG, Price Waterhouse, TFHA Honduras, and the Resistance to establish subject schedule. It was generally agreed that in the future we would be able to make a FAP payment for a given month by the 15th day of the following month. In order to meet this schedule the following things would have to happen.

1.) By the 20th of each month TFHA/W must have a signed agreement with the resistance covering the payment for that month.

2.) Within ten days from the start of each payment (the 25th of the month), the resistance must supply to TFHA/Honduras a liquidation report for that payment.

**DRAFT**

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3.) By the last day of each month the resistance must furnish TFHA/H with the FAP list of persons to be paid for that month. For the month of November each person entitled to payment in Miami shall have completed either a W-4 form for U.S. income tax purposes, or a signed copy of the attached form which would indicate that this W-4 form is not required. For each succeeding month all new persons added to the list will furnish such a form with the list when it is submitted to TFHA. These forms shall accompany the list of persons to be paid.

4.) TFHA/Honduras with Price Waterhouse will take two working days to check and approve the list for Miami.

5.) Once the list is agreed, TFHA/Honduras has three days to get a cable to PAFD in AID/Washington requesting on EFT payment for Miami.

6.) PAFD upon receiving this cable request, has five working days to work with Treasury to accomplish transfer of the funds to Miami.

7.) FAP payments will commence in Miami on the 15th of the month, and this will start the ten day period until the liquidation report mentioned in (2) above.

To illustrate, following is a schedule for November FAP:

by November 20:	Obligation document is signed for November funds.
by November 30:	FAP list of persons to be paid for November received from the Resistance.
by December 2:	Price Waterhouse checked and approved list.
by December 5:	TFIA/H sent a cable to FM/PAFD requesting an EFT to Miami
by December 12:	EFT payment received by Miami bank.

by December 15:	Payment to resistance have begun.
by December 25:	Reconciliation report from resistance received by TFHA in Honduras on November FAP.

For payments in Honduras and Costa Rica the scheduled payday will be the same, the 15th of the month following the month for which payments are made.

1.) The reconcilliation report will also be due 10 days after the commencement of each payment, or on the 25th day of the month.

2.) The FAP list of persons to be paid for a month will be submitted by the resistance not later than the last day of the month.

3.) TFHA/Honduras and TFHA/Costa Rica will have 3 working days to check and approve the list.

4.) TFHA/Honduras will have three days to obtain funding from RAMC/Mexico for FAP payments.

5.) TFHA/Costa Rica will have 6 working days to obtain a funding cite from TFHA/H and to request and obtain funding from RAMC/Mexico.

This Memorandum has been sent to The Resistance, TFHA/H and TFHA/Costa Rica for their comments. Those comments have been received and incorporated herein.

drafted:AID/TFHA:RMeighan:ml:0906A:11/18/88

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Resistencia



Nicaragüense

EMPLOYEE TAX STATUS CERTIFICATION

I hereby certify that I am not subject to Income Tax Withholding under United States Income Tax Laws because:

- 1) I am not a U.S. Citizen, or Resident Alien in possession of a Green Card, and
- 2) During the Current Calendar Year, and the two preceding Calendar Years, I will not have been physically present in the United States for a Total of 183 or more days.

If either of the above two situations changes, I will immediately provide in writing a notification to the Finance Officer of the Nicaraguan Resistance.

\_\_\_\_\_  
Signed

\_\_\_\_\_  
Date

AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

*DM*  
*Bill*  
*Bob*  
*good.*



DEC = 8 1988

Mr. Mario Sacasa  
Vice Coordinator for Financial  
and Administrative Affairs  
6501 N.W. 36th Street, Suite 300  
Miami, Florida 33166

Dear Mr. Sacasa:

We are in receipt of a memorandum from a Director of the ERN dated 18 November 1988. It requests an increase in the number of individuals on the list for Family Assistance payments (FAP). I have subsequently learned that the list submitted to TFHA for FAP payments for November in Honduras has been increased by some 73 names. This is to confirm, as per our earlier conversations, that TFHA has no authority at this time to increase the number of names on the FAP list. As we discussed with Resistance leaders on several occasions, including yesterday with three of the Directors, Congress has indicated that there should be no increases in the monetary levels, nor major restructuring or increases in total FAP recipients. While we have indicated our willingness to take this matter up again with Key Congressional individuals there can be no assurance of success. Thus, submitting a list with additional names to TFHA is only going to delay payments for everyone on the list, probably for several weeks until the list is reviewed and the number of names cut back. I am reminding our TFHA office in Honduras of this fact and request that you pass it on to other parts of the Resistance.

We also have a request from the same individual dated November 10, 1988 for a budget for administrative costs for the Miami area. The amount is small. We are only able, under the law, to provide funds for costs directly in support of humanitarian assistance to Resistance forces. We have no such costs in the Miami area as the main program does not supply assistance in Miami, and a cost expenditure there would be very difficult to justify, audit, and control. If there are some administrative costs in Miami for the mailing of FAP checks, you might require that all checks be picked up in person, or that an individual supply self addressed and stamped envelopes if the check is to be mailed. Alternatively, you might seek to cover these costs from another source of funds, as Mr. Morse suggested to the Directors yesterday.

Sincerely,

*Robert B. Meighan*  
Robert Meighan, Deputy Director  
Task Force for Humanitarian  
Assistance

cc: TFHA/Honduras

Clearances:TFHA, Linda Tarpeh-Doe	<u>yellow</u>	Date	<u>12/7</u>
AID/TFHA, John Lovaas	<u>yellow</u>	Date	<u>12/8</u>
AID/TFHA, Ted Morse	<u>INFO</u>	Date	<u></u>

Drafted:TFHA:R<sup>Ky</sup>Meighan:ml:12/07/88: #0942A

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NICARAGUAN RESISTANCE

ANNEX I

GENERAL BARRACKS - GENERAL RESISTANCE ARMY

FINANCE OFFICE

TO: TFHA/H  
In Charge of E.R.N. Humanitarian Assistance

FROM: Estado Mayor General and/or  
Enrique Bermudez, Director E.R.N.  
In Charge of Military Area

SUBJECT: Request for Increase of F.A.P. Beneficiaries

DATE: November 18, 1988

In accordance with the subject matter, we are hereby requesting your authorization to increase the number of beneficiaries for the Family Assistance Payroll Program without increasing the dollar amount.

This is because certain personnel will be taken out of the Miami payroll, like some doctors, thus the assistance will be divided among commandos who have no assignments, and will obviously have to increase the number of beneficiaries. If this is at all possible, this will have to be done in November 1988, for which we await response at your earliest convenience in order to proceed.

cc: Estado Mayor General E.R.N.  
Finance Office  
Mario Sacaza  
File

TFHA:CChow:12/2/88: #0913B

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NICARAGUAN RESISTANCE  
GENERAL BARRACKS - GENERAL RESISTANCE ARMY  
FINANCE OFFICE

TO: TFHA/H  
In Charge of E.R.N. Humanitarian Assistance

FROM: Estado Mayor General and/or  
Enrique Bermudez, Director E.R.N.  
In Charge of Military Area

SUBJECT: Request for Administrative Expenses - Miami Area

DATE: November 10, 1988

=====

In reference to the subject matter, we request that you assist us with a fixed budget for administrative expenses in the Miami area, detailed below:

1. We request US\$200.00 for stationery and expenses to remit checks to the F.A.P. beneficiaries at the different states.
2. Payment for a transient house for the Resistance personnel who come to the missions as well as service expenses for water, light, telephone and nourishment for the personnel.

As far as we can see, this request is of great importance for the proper development of our operation in that city and is strictly bound to the Humanitarian Assistance.

There being nothing else to add to the present, we await for your positive response to our request.

TFHA:CChow:12/2/88: #0913B

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AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON DC 20523

MEMORANDUM

TO: TFHA/H, Ed Baker  
FROM: TFHA/W, *Robert B Meighan* Robert Meighan  
SUBJECT: Present ceilings under the Family Assistance Programs.

The attached chart was used in a January 19 Congressional Briefing attended by Ted Morse, Bob Meighan and David Liner. The purpose of the briefing was to consult with congressional staff on the TFHA desire to increase slightly the number of names on the FAP list, but not the total amount of money paid out. There was considerable discussion of the matter, which terminated with no major objection to the slight increase in positions. We intend to inform the resistance in Miami that it can reflect this structure when it submits the next FAP list.

We recommend that you approach the Resistance and solicit a well analyzed proposal to use the increased ceilings (not money increases) which they should send to Miami ASAP.

LB

USED En-Cong. Bill  
Jan 19, 1989  
R4

FAMILY ASSISTANCE PROGRAM

	<u>Money</u>	<u>Number of Of People</u>
February 1988 Cielings	\$352,146	2524
Current Split of Cielings		<u>2524</u>
Honduras ERN	\$233,681	2209
Yatama	\$32,000	159
Costa Rica	\$45,265	115
Miami	\$41,200	41
Proposed Use of New People Cieling		
Honduras ERN	(+124)	2333
Yatama	(+5)	164
Costa Rica	(+12)	127
Miami	(-)	41
	<u>141</u>	<u>2665</u>

AGENCY FOR INTERNATIONAL DEVELOPMENT

U. S. MAILING ADDRESS :  
RIG / T  
APO MIAMI 34022

OFFICE OF THE REGIONAL INSPECTOR GENERAL  
AMERICAN EMBASSY  
TEGUCIGALPA - HONDURAS

TELEPHONES :  
32-9987  
also 32-3120 EXT. 2701-2703

MAY 26 6 14 PM '89

May 22, 1989

*Actio d: Linda*  
*cc: [initials]*

MEMORANDUM

TO: D/TFHA, Ted Morse  
FROM: RIG/A/T, *Coinage N. Gothard*  
SUBJECT: Family Assistance Program Payment Accountability in Costa Rica

I am concerned by Price Waterhouse's recent findings that Family Assistance Program (FAP) payments made to intermediaries in Costa Rica may not always be reaching the intended beneficiaries (see enclosed report).

My staff has verified these findings (first reported to us in April 1989) and has further determined that the individual identified in the report as "Third Party A" received a total of 5,358,915 colones (\$68,700) 1/ in FAP payments on behalf of up to 24 eligible beneficiaries during the period April 1988 through March 1989. Of this amount, the subject intermediary transferred 4,310,010 colones (\$55,300) to four Nicaraguan Resistance commanders and loaned an additional 405,000 colones (\$5,200) to a local businessman. Neither Price Waterhouse auditors nor my staff could determine whether these funds were eventually delivered to intended beneficiaries because there was no documentation trail or other evidence that could be traced to FAP beneficiaries. The remaining 643,905 colones (\$8,300) was traceable to the intended beneficiaries or to additional intermediaries designated in writing by the beneficiaries.

Because of inadequate controls and procedures over intermediary FAP payments, it is possible that some of these funds may have been diverted to other than intended purposes. The magnitude of this problem could be serious given the large number of FAP payments made through intermediaries in Costa Rica. For example, in January 1989, 92 of the 119 FAP payments (77 percent) were made through intermediaries.

Consequently, my office recommends that the Task Force terminate the practice of making FAP payments through intermediaries in Costa Rica. Please advise us within 30 days of any actions planned or taken to implement this recommendation.

1/ Conversions were made at the exchange rate of 1 United States dollar to 78 Costa Rican colones rounded to the nearest hundredth for estimation purposes only.

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

HUMANITARIAN ASSISTANCE PROGRAM

FAMILY ASSISTANCE PROGRAM

SPECIAL REPORT

MAY 5, 1989

## *Price Waterhouse*

May 5, 1989

Mr. Coinage N. Gothard  
Regional Inspector General  
for Audit  
U.S. Agency for International  
Development (USAID)  
Tegucigalpa, Honduras

Dear Mr. Gothard:

As requested, on April 5 and 27, 1989, we performed certain follow up procedures with respect to those beneficiaries of the Family Assistance Program (FAP) in Costa Rica whose allowances corresponding to the months of January, February and March 1989 were received by "third party" representatives apparently authorized by those beneficiaries. Our review was made to evaluate the reasonableness of the procedures followed by the Nicaraguan Democratic Resistance (NDR) to assure the ultimate payment of such allowances to the beneficiaries of the Program.

The principal procedures performed by us during our review are summarized below:

- A. We selected two "third parties" authorized to receive FAP payments, which together accounted for approximately 28% of total FAP payments made during the period.
- B. We interviewed these two individuals to determine the procedures followed for custody of the funds and the nature of the documentation supporting and accounting for the transfer of these funds to FAP beneficiaries or their families.
- C. We inspected documentation supporting transfers of FAP funds to determine the disposition of all cash received during the period.

Summarized below are the principal findings resulting from the performance of these procedures:

1. Findings related to FAP funds handled by "Third Party A"
  - a) Funds received on behalf of FAP beneficiaries generally are kept by "Third Party A" in a cabinet located at her home.

- b) "Third Party A" used a columnar pad that served as an accounting ledger where she entered, on a monthly basis, the names of FAP beneficiaries and the amount of the allowance received on their behalf. She also recorded in that ledger the names of the people to whom she transferred the funds and obtained their signatures as well as the amount of funds transferred. This ledger had been maintained since April 1988.
- c) According to comments made by "Third Party A" and her accounting records, the FAP funds received by her since April 1988 had been withdrawn, almost entirely, by four NDR commanders supposedly for delivery to FAP beneficiaries inside Nicaragua. However, she did not have written authorizations from these beneficiaries authorizing the commanders' withdrawal of the allowances. Furthermore, she did not have, nor had she requested, receipts from the commanders stating that the beneficiaries actually received their allowances. All four commanders were subordinate in the military chain of command to the husband of "Third Party A".
- d) Accountability, or the ability to relate funds on hand or transferred, to individual accounts of the beneficiaries lacked credibility. For example, on March 9, 1989 "Third Party A" received  $\text{Q}826,280$  on behalf of 16 beneficiaries; accountability could be established for only one beneficiary who, in writing, authorized the transfer of  $\text{Q}47,670$ . The remaining  $\text{Q}778,610$  was disposed of as follows:

<u>Explanation</u>	<u>Amount</u>	(Notes)
Funds withdrawn by one commander on 3/17/89	$\text{Q}373,610$	(1)
Cash loan made to a Resistance supporter on 4/5/89	<u>405,000</u>	(2)
Total	$\text{Q}778,610$	=====

Notes:

- (1) According to "Third Party A" this commander had initially requested  $\text{Q}350,000$  but she gave him  $\text{Q}373,610$  in order that her remaining cash on hand would be exactly  $\text{Q}405,000$ . She was unable to match with individual FAP beneficiaries the money given to this commander.
- (2) This amount was loaned by "Third Party A" to a "loyal" Resistance friend who, according to her, intended to repay it the day following our initial visit (4/5/89). During a second visit (4/27/89) she said that the "friend" had repaid the loan but that he still had the money for safekeeping.

It is clear from these transactions that neither the commander nor "Third Party A" could have had the identities of the ultimate beneficiaries in mind when the commander was given the money. This leads us to question whether intended beneficiaries do in fact receive their money.

2. Findings related to FAP funds handled by "Third Party B"
  - a) We met with "Third Party B" who told us that until February 13, 1989, all funds he received from the Program were kept in a safe at a friend's home. However, on that date he opened an interest-bearing account at Banco de Costa Rica.
  - b) He accounted for FAP funds by means of a kardex file, with cards for each beneficiary. On these cards he entered the amount of funds received, transferred and the balance. Transfers were supported by receipts for cash, or invoices for the purchase of clothing and other non-lethal items. However, in most instances, except when beneficiaries received the funds personally, there was no evidence showing receipt by the beneficiary, but instead by other "third parties".
  - c) "Third Party B" stated that he had no written authorizations from the beneficiaries to support the transfer of money or other items to these other "third parties". He said that in most cases the transfers were based on either oral or typed versions of radio messages, purportedly originating from the beneficiary, requesting money or clothing from their allowances. These requests were attended to and the clothing and/or money were withdrawn by a commander, from whom he obtained a signed receipt. However, there was no documentation acknowledging receipt of these items by the ultimate beneficiary.
  - d) According to his records, cash on hand or in the bank held by "Third Party B" totaled  $\text{C}\$1,228,496$ . We verified that, in the aggregate, he did have that amount available.
  - e) Regarding procedures for disposition of interest earned from this account, "Third Party B" stated that he intended to distribute, at a later date, such income among the FAP beneficiaries.

May 5, 1989  
Mr. Coinage N. Gothard  
Page 4

We shall be pleased to provide any additional information you may request in connection with the above comments.

Yours very truly,

PRICE WATERHOUSE

A handwritten signature in cursive script, appearing to read "Mike A. Santellanes". The signature is written in dark ink and is positioned above the typed name.

Mike A. Santellanes

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ACTION COPY

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(ACTION: LINDA) INCOMING TELEGRAM cc: DS [initials]

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TEGUCI 09520 00 OF 04 302051Z 8531 067553 AID

ACTION OFFICE TFHA-01 INFO LACE-01 AAL A-01 PDPR-01 ES-J1 RELO-01 AMAD-01 TELE-01 DOE-01 /0009 AD

Summary table for TEGUCI 09520 with columns for range and amount.

INFO 10J-00 CINA-00 EG-00 DODI-00 ARA-00 AMAD-01 /001 W -041767 302053Z /77 64 38

Summary table for SEPTEMBER 1988 with columns for range, families paid, and amount paid.

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UNCLAS TEGUCIGALPA 09520

AIDAC

STATE PASS TO TFHA/W, LINDA TARPLH-DOE

Summary table for OCTOBER 1988 with columns for range, families paid, and amount paid.

E.O. 12354: N/A SUBJECT: MONTHLY FAP REPORTS

1. BELOW ARE THE MONTHLY ERN YATAMA AND MIAMI FAP PAYMENT RANGES: APRIL 1988 - APRIL 1989.

YATAMA - PHASE I

Summary table for APRIL 1988 with columns for range, families paid, and amount paid.

Summary table for NOVEMBER 1988 with columns for range, families paid, and amount paid.

Summary table for MAY 1988 with columns for range, families paid, and amount paid.

Summary table for DECEMBER 1988 with columns for range, families paid, and amount paid.

Summary table for JUNE 1988 with columns for range, families paid, and amount paid.

Summary table for JANUARY 1989 with columns for range, families paid, and amount paid.

Summary table for JULY 1988 with columns for range, families paid, and amount paid.

Summary table for FEBRUARY 1989 with columns for range, families paid, and amount paid.

Summary table for AUGUST 1988 with columns for range, families paid, and amount paid.

Summary table for MARCH 1989 with columns for range, families paid, and amount paid.

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TEGUCI 09520 00 OF 04 302051Z 8531 067553 A109

RANGE IN US	FAMILIES PAID	AMOUNT PAID
- 50-300	138	21,150
- 301-500	13	5,700
- 501-1000	6	3,850
-1001-2750	1	1,250
-----		
TOTAL	158	31,950

RANGE IN US	FAMILIES PAID	AMOUNT PAID
- 50-300	1	300
- 301-500	3	1,400
- 501-1000	28	26,350
-1001-2750	7	9,600
-----		
TOTAL	39	37,650

APRIL 1989

RANGE IN US	FAMILIES PAID	AMOUNT PAID
- 50-300	138	21,150
- 301-500	13	5,700
- 501-1000	6	3,850
-1001-2750	1	1,250
-----		
TOTAL	158	31,950

PHASE II

OCTOBER 1988

RANGE IN US	FAMILIES PAID	AMOUNT PAID
- 50-300	1	300
- 301-500	3	1,400
- 501-1000	27	25,700
-1001-2750	8	10,900
-----		
TOTAL	39	38,300

PHASE I - MIAMI

APRIL 1988

RANGE IN US	FAMILIES PAID	AMOUNT PAID
- 50-300	3	900
- 301-500	2	900
- 501-1000	23	20,600
-1001-2750	5	8,650
-----		
TOTAL	33	31,050

NOVEMBER 1988

RANGE IN US	FAMILIES PAID	AMOUNT PAID
- 50-300	0	0
- 301-500	3	1,400
- 501-1000	17	16,000
-1001-2750	6	8,100
-----		
TOTAL	26	25,500

MAY 1988

RANGE IN US	FAMILIES PAID	AMOUNT PAID
- 50-300	3	800
- 301-500	2	900
- 501-1000	27	25,850
-1001-2750	9	13,650
-----		
TOTAL	41	41,200

DECEMBER 1988

RANGE IN US	FAMILIES PAID	AMOUNT PAID
- 50-300	0	0
- 301-500	3	1,400
- 501-1000	16	15,000
-1001-2750	6	8,100
-----		
TOTAL	25	24,500

JUNE 1988

RANGE IN US	FAMILIES PAID	AMOUNT PAID
- 50-300	3	800
- 301-500	2	900
- 501-1000	27	25,850
-1001-2750	9	13,650
-----		
TOTAL	41	41,200

JANUARY 1989

RANGE IN US	FAMILIES PAID	AMOUNT PAID
- 50-300	2	435
- 301-500	2	900
- 501-1000	26	24,385
-1001-2750	11	14,900
-----		
TOTAL	41	40,620

JULY 1988

RANGE IN US	FAMILIES PAID	AMOUNT PAID
- 50-300	1	300
- 301-500	3	1,400
- 501-1000	27	25,850
-1001-2750	9	13,650
-----		
TOTAL	40	41,200

FEBRUARY 1989

RANGE IN US	FAMILIES PAID	AMOUNT PAID
- 50-300	2	435
- 301-500	2	900
- 501-1000	26	24,385
-1001-2750	11	14,900
-----		
TOTAL	41	40,620

AUGUST 1988

RANGE IN US	FAMILIES PAID	AMOUNT PAID
- 50-300	1	300
- 301-500	3	1,400
- 501-1000	27	25,850
-1001-2750	7	9,600
-----		
TOTAL	38	37,150

MARCH 1989

RANGE IN US	FAMILIES PAID	AMOUNT PAID
- 50-300	2	435
- 301-500	2	900
- 501-1000	25	23,385
-1001-2750	11	14,900
-----		
TOTAL	40	39,620

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APRIL 1989

RANGE IN US

DOLLARS	FAMILIES PAID	AMOUNT PAID
- 50-300	2	435
- 301-500	2	900
- 501-1000	25	23,385
- 1001-2750	10	13,300
-----		
TOTAL	39	38,020

BIGGS

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AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

MEMORANDUM

TO: ERN, Mario Sacasa  
FROM: D/TFHA, Ted Morse *Jm*  
SUBJECT: Family Assistance Payments for Resistance Member  
Mike Lima

It is TFHA policy that no funds will be provided for Family Assistance Payments for any member of the Resistance judged to be a violator of human rights. When there is reason to believe that an individual may have been involved in such actions, and that person is temporarily suspended from the Resistance pending investigation and hearing, TFHA will hold in escrow the FAP payments for that individual until the final determination is made on the matter. If the individual is then determined to be innocent of the charges, all Family Assistance Payments will be made on his behalf.

We understand from the State Department that subject individual has been temporarily suspended from the Resistance pending investigation and hearing. For that reason I have directed that Family Assistance Payments be withheld pending resolution of the charges.

cc: TFHA/H, Bill Schoux

Bib

CASH FOR FOOD

FILE

AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

INFORMATION MEMORANDUM FOR THE ADMINISTRATOR

FROM : Kelly C. Kammerer

SUBJECT: Contra Assistance Briefing

*Ted,*  
*Very important*  
*clearance/*  
*comments*  
*Vickie can call*  
*me w/ change*

On Monday, April 9, 1988, TFHA Ted Morse briefed Congressional staff on implementation of the humanitarian assistance package to Central America. Attending were Mike O'Neill, Duane Andrews, Tom Smeeton, Steve Nelson and Dick Giza (House Intelligence), Mark Murray and Jeff Pierson (House Appropriations), Richard Collins and Jim Bond (Senate Appropriations and Jim Currie (Senate Intelligence).

As a result of the briefing, several points of clarification were agreed upon as being consistent with the intent of the authors of the legislation as follows:

- It is appropriate to provide \$1.00 a day, versus .50 cents, for subsistence aid to combatants within Nicaragua, provided A.I.D. document, by letter to Speaker Wright, the reasons. (Morse had explained the impact of currency devaluation and A.I.D.'s lack of ability to provide food and other humanitarian supplies as provided through the previous program).

*in-kind*

- A.I.D. can purchase cordobas through parallel channels, without going through the GON.

- Routine substitutes and raises are allowable in the family assistance program provided we work within the perimeters of the previous program.

*last full month of*

Also, the staff felt that A.I.D. should use a literal, strict interpretation regarding the monthly ceilings and advised strongly against trying to obligate unused April funds.

Regarding the cash for food program, those staffers that participated in the meeting with Speaker Wright felt strongly that A.I.D. should only provide enough cordobas to combatants to last 30 days.

On accountability regarding the cash for food program, while there were concerns raised, there is also a clear view that while A.I.D. and others should account for the funds as much as feasible, realistically it is impossible to insure that each combatant receives his allotment.

Duane Andrews later called <sup>INCORPORATING</sup> David Liner to suggest that A.I.D. may want to consider a clause on the signed receipts stating that the cordobas can only be used for food, clothing and shelter.

Obando Approves Cash-for-Food

(Agence-France-Press Wire Story in Spanish, May 15)

San Rafael del Sur, Nicaragua -- Cardinal Miguel Obando y Bravo today came out in favor of cash payments by the United States to Contras in Nicaragua for the purchase of food.

At the Mass at which he officiated today in this town 45 km south of Managua, the prelate said that monetary aid should be delivered to the rebels so that they do not suffer hunger, even though such a procedure may not be in accordance with the Sapoa Agreements....

The spirit of that Agreement is that no one should die, whether from hunger or from bullets, Obando argued....

Both Managua and Baena are opposed to the delivery of money to the anti-Sandinistas by the Agency for International Development (AID), an agency of the U.S. Government, because they consider that that would violate the Sapoa Agreement.

With regard to the next high level meeting to continue the discussion of achieving a definitive cease-fire, Obando was of the opinion that ideally they should be held in Managua, but that the RN delegation should be given ease of movement....

SAN RAFAEL DEL SUR, NICARAGUA, MAYO 15 (AFP) - EL CARDENAL MIGUEL OBANDO Y BRAVO SE DECLARÓ HOY PARTIDARIO DE QUE EL GOBIERNO DE ESTADOS UNIDOS ENTREGUE DINERO A LOS CONTRAS QUE SE ENCUENTRAN EN NICARAGUA PARA LA COMPRA DE ALIMENTOS.

EN LA MISA QUE OFICIO HOY EN ESTE POBLADO, 45 KM AL SUR DE MANAGUA, EL PRELADO DIJO QUE DEBE ENTREGARSE AYUDA MONETARIA A LOS REBELDES PARA QUE NO SUFRAN HAMBRE, AUN CUANDO ESTE PROCEDIMIENTO NO SE AJUSTE A LOS ACUERDOS DE SAPOA, FIRMADOS EL 23 DE MARZO POR EL GOBIERNO SANDINISTA Y LA RESISTENCIA NICARAGUENSE (RN).

EL ESPIRITU DE ESE ACUERDO ES QUE NADIE MUERA NI DE HAMBRE NI POR LAS BALAS, ARGUMENTÓ OBANDO, QUIEN, JUNTO AL SECRETARIO GENERAL DE LA OEA, JOAO BAENA SOARES, ACTUÓ COMO TESTIGO EN LAS CONVERSACIONES DE PAZ.

OBANDO Y SOARES FORMAN TAMBIÉN LA COMISIÓN VERIFICADORA DEL ACUERDO DE SAPOA, POBLADO FRONTERIZO NICARAGUENSE DONDE LOS SANDINISTAS Y CONTRAS SUSCRIBIERON EL CESE DE HOSTILIDADES POR 60 DÍAS.

TANTO MANAGUA COMO BAENA SE OPONEN A QUE LA AGENCIA PARA EL DESARROLLO INTERNACIONAL (AID), ORGANISMO DEL GOBIERNO NORTEAMERICANO, ENTREGUE DINERO A LOS ANTISANDINISTAS, PORQUE CONSIDERAN QUE CON ELLO SE VIOLA EL ACUERDO DE SAPOA.

EN CUANTO A LA PRÓXIMA REUNIÓN DE ALTO NIVEL PARA CONTINUAR LAS PLÁTICAS SOBRE LA CONCERTACIÓN DEL CESE DEL FUEGO DEFINITIVO, OBANDO OPINÓ QUE LO IDEAL SERÍA REALIZARLAS EN MANAGUA, PERO DEBE DARSE FACILIDAD DE MOVIMIENTOS A LA DELEGACIÓN DE LA RN.

LOS SANDINISTAS PROPONEN QUE LA SIGUIENTE RONDA DE NEGOCIACIONES SE LLEVE A CABO EN MANAGUA LOS DÍAS 25, 26, 27 Y 28 DE MAYO Y RECHAZAN LA PROPUESTA CONTRA DE SE EFECTÚEN FUERA DE NICARAGUA.

LOS DIRIGENTES DE LA RN SOSTIENEN QUE EL PRÓXIMO ENCUENTRO DEBE CELEBRARSE EN MÉXICO, COSTA RICA, GUATEMALA O REPÚBLICA DOMINICANA, PORQUE EN NICARAGUA SUS DELEGADOS CARECEN DE LIBERTAD DE MOVIMIENTOS.

EL VICECANCILLER VICTOR HUGO TINOCO SE REUNIRÁ ESTE LUNES EN ESTADOS UNIDOS CON ROBERTO FERREY, SECRETARIO DEL DIRECTORIO DE LA RN, PARA AFINAR LOS DETALLES DE LA PRÓXIMA CITA.

MT/JLA/GL

AFP 152208 GMT MAY 88.

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PAGE 01 MANAGU 03568 00 OF 02 171721Z 9515 ARA5254 ACTION ARA-00

MANAGU 03569 00 OF 02 171721Z

9515 ARA5254

BEEN USED.

ACTION OFFICE MU-02 INFO FILE-01 00-01 ARA-05 PPC-02 DECP-01 ECP-01 OAS-01 PPA-01 SSE-01 DCEN-01 REG-01 DNCO-01 LARA-01 /021 A1 YC

ARTICLE 4

INFO LOG-00 ADS-00 AID-00 INR-10 CIAE-00 EE-00 DODE-00 H-01 EXIM-06 NSPE-00 COME-00 SSD-00 L-03 LAE-04 CTHE-00 TRSE-00 ITC-01 OPIC-07 PA-02 OMB-01 STR-17 INRE-00 SEC-01 FRG-01 USIE-00 JUCE-00 SP-02 FDIC-01 C-01 SSE-01 E-01 T-01 /011 W

AMOUNTS OF CORDOBAS EXCEEDING THE LIMIT ESTABLISHED BY THE ABOVE ARTICLE WILL BE CONFISCATED AND TURNED IN TO STATE TREASURY BY THE AUTHORITIES. THE OFFENDER WHO AGAIN COMMITS THE CRIME CAN SUFFER PENALTIES FROM ONE TO SIX MONTHS IN JAIL IMPOSED BY THE RESPECTIVE JUDGE OF POLICE. WHEN THE VIOLATIONS OF THE PRESENT LAW ARE COMBINED WITH ANY OTHER TYPE OF OFFENSE, THE OFFENDER WILL BE AT THE DISPOSAL OF CORRESPONDING AUTHCRITIES FOR THE REQUIRED LEGAL ACTION.

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O 171545Z MAY 88 FM AMEMBASSY MANAGUA TO SECSTATE WASHDC IMMEDIATE 314Z INFO AMEMBASSY SAN JOSE AMEMBASSY TEGUCIGALPA

ARTICLE 5

THE MANAGING COUNCIL OF CENTRAL BANK OF NICARAGUA SHALL HAVE THE POWER TO VARY THE AMOUNT IN CORDOBAS WHICH CAN BE BROUGHT IN OR TAKEN OUT OF THE COUNTRY IN ACCORDANCE WITH WHAT IS ESTABLISHED BY ARTICLE NO. 3 OF THIS LAW.

UNCLAS MANAGUA 03568

DEPT. FOR AID/TFMA AND ARA/CEN - R. WITAJEWSKI

ARTICLE 6

ANY PERSON THAT NEEDS, FOR JUSTIFIED REASONS, TO BRING IN OR TAKE OUT OF THE COUNTRY AMOUNTS OF CORDOBAS ABOVE THE MAXIMUM LIMIT ESTABLISHED, MAY ASK FOR AUTHORIZATION FROM THE CENTRAL BANK OF NICARAGUA. THE AUTHORIZATION WILL SERVE TO THE BENEFICIARY AS PROOF OF THE LEGAL TRANSACTION.

E.O. 12956: N/A TAGS: EFIN, EAID, NU SUBJECT: NICARAGUAN LAW GOVERNING ENTRY AND EXIT OF NATIONAL CURRENCY

THE FOLLOWING IS AN INFORMAL TRANSLATION OF THE NICARAGUAN LAW GOVERNING THE ENTRY AND EXIT OF NATIONAL CURRENCY:

ARTICLE 7

THE PRESENT LAW IS A PUBLIC ORDER AND SUPERCEDES ANY OTHER LAW THAT CONTRADICTS IT AND WILL BE EFFECTIVE AT THE MOMENT OF ITS PUBLICATION IN ANY MEDIUM OF COMMUNICATION WITHOUT PREJUDICE OF ITS PUBLICATION LATER IN THE GACETA, OFFICIAL DAILY, GIVEN IN MANAGUA ON FEBRUARY FOURTEEN, NINETEEN HUNDRED EIGHTY-EIGHT.

BEGIN INFORMAL TRANSLATION.

DEGREE NO. 307 "LAW GOVERNING THE ENTRY AND EXIT OF NATIONAL CURRENCY"

DANIEL ORTEGA

THE PRESIDENT OF THE REPUBLIC OF NICARAGUA IN ACCORDANCE WITH ARTICLES 136, SECTIONS 10 AND 130, SECTION SEVEN OF THE POLITICAL CONSTITUTION OF THE NICARAGUAN REPUBLIC, AND THE LAW DELEGATING POWER TO DECREE A.N. NO. 001 DICTATED BY THE NATIONAL ASSEMBLY, DATED DECEMBER 15, 1987, PUBLISHED IN GACETA, OFFICIAL DAILY OF DECEMBER 23, 1987, IN USE OF HIS POWERS,

END INFORMAL TRANSLATION. MODDERNO

DECREES THE FOLLOWING: "LAW GOVERNING THE ENTRY AND EXIT OF NATIONAL CURRENCY"

ARTICLE 1

AS OF THIS DATE THE EXIT AND ENTRY OF THE DEMONETIZED CORDOBAS IS PROHIBITED BY VIRTUE OF DECREE NO. 306 FEBRUARY 14, 1986.

ARTICLE 2

AS OF THE DATE OF THE PUBLICATION OF THIS LAW, THE EXIT AND THE ENTRY TO THE COUNTRY OF NATIONAL CURRENCY WILL BE SUBJECT TO THE REGULATIONS ESTABLISHED BY THE FOLLOWING ARTICLES.

ARTICLE 3

THERE WILL NOT BE ANY RESTRICTION WHATSOEVER ON BRINGING IN OR TAKING OUT CORDOBAS FOR AMOUNTS NO MORE THAN ONE THOUSAND CORDOBAS PER CALENDAR MONTH. THE SOLE FACT OF ENTERING OR LEAVING THE COUNTRY WITHIN A CALENDAR MONTH WILL BE PRESUMPTIVE EVIDENCE THAT THE RIGHT GRANTED IN THE ABOVE PARAGRAPH HAS

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AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

ACTION MEMORANDUM FOR TED MORSE, TFHA/W  
THRU: TFHA/W, Robert Meighan *Robert B Meighan*  
TFHA/W, John Lovaas *John Lovaas*  
FROM: Donald F. Enos LAC/CEN *Donald F. Enos*  
SUBJECT: Implementation of the Cash for Food Program

On May 11, 1988 the Administrator of A.I.D. approved a cash for food program for the month of May, and the payment on a one time basis of the debt for food which the Nicaraguan Resistance incurred during April. As Director TFHA, you have the authority to implement this program. The purpose of this memorandum is to recommend to you the procedures to be used for the implementation. It is suggested that the program be commenced at a level of \$200,000, plus \$60,000 to help settle debts incurred in April.

A TFHA representative visited Honduras to work out the details of the program. It was decided to purchase Cordobas from established firms. Four firms were located who could supply the Cordobas. Rates were obtained which were all in the same range. Two acceptable firms were again contacted to have a final chance to offer a better rate. A slightly better rate was obtained during these negotiations. The firm selected was SGA Financial Group which offered the best rate.

A purchase order will be issued by TFHA to SGA Financial Group for \$260,000 to deliver Cordobas to the TFHA/H representative in Honduras. The contractor will assure TFHA that neither the dollars nor any other third country currency will enter Nicaragua to support the Sandinista Government.

TFHA/H will obtain a specially secured vault which will be used to ensure the actual physical control of the Cordobas and to certify that no comingling of funds occurs. This vault will be subject to audit on an unannounced basis or at anytime deemed necessary. The TFHA/H staff representative will have accountability responsibility for the contents of the vault.

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The exchange rate for the purchase of the Cordobas will be negotiated, between TFHA and the contractor, prior to the signature of the purchase order for the initial purchase. If additional purchases are necessary to reach the \$260,000 requirement, then negotiations between the TFHA representative and SGA will be necessary for each separate procurement. This will take place by a communication from the authorized TFHA representative to SGA indicating the amount of dollars that should be converted. SGA will confirm in writing (via fax) the amount and the rate which they were prepared to convert immediately. TFHA will then confirm the agreement in writing.

Based upon written agreement, SGA will deliver the specified amount of Cordobas to the designated TFHA/H representative at the indicated location in Honduras (the specially secured vault) within three business days.

Upon delivery of the Cordobas to the TFHA/H representative, all funds will be counted and verified. Only upon actual physical delivery and verification of the funds will payment be authorized to the contractor. Once the funds are verified, dollar payment will be authorized and made by TFHA/H by electronic transfer or U.S. Treasury check, to the SGA bank account in Miami.

All risk will be assumed by the contractor obtaining the Cordobas and payment in dollars will not be required for any extraordinary condition or Force Majeur. Each step of the above process in Honduras will be open to on-going audits whenever necessary.

The Resistance Field Commander will send in the number of individuals eligible to receive Cash for Food payments under his command to the Resistance Administration Center. The Administration Center will tabulate all reports from the field commanders and develop a global table which will be forwarded to the Resistance Office of Finances. After the Office of Finances appropriately records the information, all documents will be forwarded to TFHA/H for their approval. The RIG and the GAO will oversee and provide guidance at each step of the process.

Upon approval by TFHA/H, the appropriate documentation will be returned to the Resistance. The Resistance will act as the paying agent. They will withdraw the appropriate funds from the specially secured vault, under the supervision of TFHA/H,

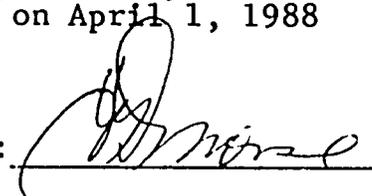
Price Waterhouse, RIG, and the GAO. The Resistance will go to each delivery site to make payments accompanied by the audit staff. TFHA/H will warn the Resistance that the entry into Nicaragua with excess Cordobas may violate Nicaraguan law and subject the individual to arrest and prosecution.

The Resistance will maintain records to indicate actual withdrawals from the specially secured vault and files with individual signed receipts showing actual delivery of the Cordobas to the Beneficiary. (The Beneficiary is interpreted to mean the responsible Field Commander or his designated Representative.)

Reports with statements and original signed receipts will be delivered to TFHA/H every 15 days or at an agreed interval. All signed receipts must include the following phrase: Cordobas will be used only for the purchase of food, clothing, shelter, medicines and/or medical supplies.

The Resistances' books will be audited at anytime deemed necessary by TFHA/H, R.I.G. and/or the G.A.O.

Recommendation: That you approve the cash for food program as outlined above. You have the authority delegated to you as Director/TFHA by the Administrator of A.I.D. on April 1, 1988 to take this action.

Approved: 

Disapproved: \_\_\_\_\_

Date: 5/24/88

Clearances:

H.Holland, TFHA/W 

J.Durnil, IG/W Info

drafted:  DENOS, 5/24/88, 0648h

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**ORDER FOR SUPPLIES OR SERVICES**

**IMPORTANT: Mark all packages and papers with contract and/or order numbers.**

1. DATE OF ORDER: May 24, 1988  
 2. CONTRACT NO. (if any):  
 3. ORDER NO.: TFHA-CA-C0001  
 4. REQUISITION/REFERENCE NO.:

5. OFFICE (Address correspondence to):  
 A.I.D./TFHA  
 2201 C St. N.W.  
 Room 3214 N.S.  
 Washington, D.C. 20523  
 6. SHIP TO: (Designate and address; ZIP Code):  
 Mr. Phillip Buechler  
 U.S. Embassy  
 Tegucigalpa, Honduras  
 SHIP VIA:

7. TO: CONTRACTOR (Name, address and ZIP Code):  
 SGA Financial Group  
 520 Brickell Key Drive  
 Suite 1007  
 Miami, Florida, 33131  
 8. TYPE OF ORDER:  
 A. PURCHASE - References your  
 B. DELIVERY - Except for billing instructions on the reverse, this delivery order is subject to instructions contained on this side only of this form and is issued subject to the terms and conditions of the above-numbered contract.  
 Please furnish the following on the terms and conditions specified on both sides of this order and on the attached sheets, if any, including delivery as indicated. This purchase is negotiated under authority of:

9. ACCOUNTING AND APPROPRIATION DATA:  
 Appropriation 72-1181038  
 BPC: VRR8829594HG84  
 Resct1 No: Z800001  
 Amount: \$260,000.00  
 10. REQUISITIONING OFFICE:  
 11. BUSINESS CLASSIFICATION (Check appropriate box(es)):  
 SMALL  OTHER THAN SMALL  DIS-ADVANTAGED  WOMEN-OWNED

12. F.O.B. POINT:  
 13. PLACE OF INSPECTION AND ACCEPTANCE:  
 Tegucigalpa, Honduras  
 14. GOVERNMENT O/L NO.:  
 15. DELIVER TO F.O.B. POINT ON OR BEFORE (Date):  
 May 28, 1988  
 16. DISCOUNT TERMS:

**17. SCHEDULE (See reverse for Rejections)**

M NO. (A)	SUPPLIES OR SERVICES (B)	QUANTITY ORDERED (C)	UNIT (D)	UNIT PRICE (E)	AMOUNT (F)	QUANTITY ACCEPTED (G)
	<p>The contractor will deliver up to 20,280,000 New Cordobas with varied denominations. This is equal to an exchange rate of 78 to \$1.00 or \$260,000.00. All risk is assumed by by the contractor until delivery, verification and acceptance by the paying agent. The paying agent will be TFHA/H U.S. Embassy, Tegucigalpa, Honduras</p> <p>ACCEPTED: <i>Scott Adamson</i> 5/25/88                      Scott Adamson                      SGA Financial Group</p> <p>SGA certifies that neither the dollars nor any other third country currency will enter Nicaragua to support the Sandinista Government.</p>					

18. SHIPPING POINT:  
 19. GROSS SHIPPING WEIGHT:  
 20. INVOICE NO.:  
 1700. TOT. (Cont. page)  
 21. MAIL INVOICE TO: (Include ZIP Code)  
 TFHA/H, U.S. Embassy, Tegucigalpa Honduras  
 \$ 260,000.00  
 1711. GRAND TOTAL:

22. UNITED STATES OF AMERICA BY (Signature): *Ted D. Morse*  
 Ted D. Morse, Director TFHA  
 23. NAME (Typed):  
 Ted D. Morse, Director AID/TFHA  
 TITLE: CONTRACTING/ORDERING OFFICER

UNCLASSIFIED  
Department of State

OUTGOING  
TELEGRAM

PAGE 01 STATE 157818 8225 056306 AID9299  
ORIGIN AID-20

STATE 157818 8226 066306 AID

ORIGIN OFFICE TFHA-02  
INFO AALA-P1 LAGE-02 AFAD-01 APPF-01 IG-21 IGM-04 ES-01  
RELO-21 /PJ: AB

INFO LOG-00 ARA-02 /000 R

TO DOLLAR 1.00/DAY AND HIS INITIAL REACTION WAS QUOTE  
DOUBTLING WILL ALLOW UNITS TO PAY OFF THEIR DEBTS  
UNQUOTE. WHEN IT WAS EXPLAINED THAT WE COULD ALSO PAY A  
REASONABLE, UNINFLATED AMOUNT OF APRIL CREDIT, HE  
PROMISED NOT TO SEEK WAYS TO CLAIM MORE FOR CREDIT. WE  
NEED TO CONCENTRATE ON STARTING THIS PROGRAM NOW AND NOT  
DELAY THIS BY SPENDING ANY MORE TIME ON THE CREDIT  
ASPECT END FYI.

DRAFTED BY: AID/TFHA:JLOVAAG:CC:01296  
APPROVED BY: AID/TFHA:TCMCRCZ  
AID/1,NA:FPEIC-04 (DRAFT) AID/TFHA:KHOLLAND (DRAFT)  
STATE/ARA:AEAFR (INFO) AID/LAC/CEN:GENOS (DRAFT)  
AID/IG:JOURNIL (INFO)

4. INDIVIDUAL PAYMENT SET AT 75 CORDOBAS PER DRAFT  
RECOMMENDATION. THIS INITIAL AUTHORIZATION WILL BE  
LIMITED TO DOLLARS 200,000 FOR MAY AT PRESENT DUE TO  
SEVERE BUDGET CONSTRAINT AND MAY BE INCREASED TO DOLLARS  
400,000 BASED UPON REALITIES WHICH EXIST MAY 25-31.  
(SEPARATE TELCON WILL ADDRESS OPTIONS IMPOSED BY DOLLARS  
2.9 MILLION LEGISLATED CONSTRAINT).

O 250609Z MAY 88  
FM SECSTATE WASHDC  
TO AMEMBASSY TEGUCIGALPA IMMEDIATE

5. REQUEST TFHA/HONDURAS PROCEED TO: (A) BASED ON SGA  
PROPOSAL, NEGOTIATE TERMS OF PURCHASE ORDER FOR  
PROCUREMENT OF CORDOBAS IN AMOUNT OF DOLLARS 260,000 TO  
BE DELIVERED NOT LATER THAN 28 MAY, 1988; AND, (B) WORK  
OUT ARRANGEMENTS WITH RN TO RECEIVE AND DISTRIBUTE  
DOLLARS 200,000 EQUIVALENT CASH-FOR-FOOD TO COURIERS AND  
UNIT COMMANDERS WITH APPROPRIATE ACCOUNTABILITY AND

UNCLAS STATE 157818

AID4C FOR TFHA/H BUECHLER

MONITORING BY IG AND GAO PERSONNEL. ARRANGEMENTS SHOULD  
INCLUDE ADEQUATE EVIDENCE OF NOT MORE THAN DOLLARS  
60,000 APRIL DEBT AND OPERATIONAL PLAN IDENTIFYING UNITS  
TO BE SUPPLIED WITH MAY PAYMENT. IT IS IMPORTANT TO  
ASSESS RESISTANCE PREPAREDNESS TO RETURN TO NICARAGUA  
WHEN CORDOBAS ARE AVAILABLE; AND, EQUALLY IMPORTANT TO  
SUPPLY IMMEDIATE CASH-FOR-FOOD FOR TROOPS INSIDE  
NICARAGUA.

E.O. 12356: N/A  
TAGS:  
SUBJECT: CASH-FOR-FOOD PROGRAM

6. FOR THE CASH-FOR-FOOD PROGRAM, TFHA/HONDURAS  
AUTHORIZED TO USE FOLLOWING FUND CITES UNDER  
HUMANITARIAN ASSISTANCE:

REF: A) TEGUCIGALPA 8356  
B) ENOS REPORT

- APPROP: 72-11S103E
- EPC: VRRR6829594HG04
- RESCTL NO: Z800001
- AMOUNT: DOLLARS 260,000.00

1. WE ATTACH TOP PRIORITY TO DELIVERY OF CASH-FOR-FOOD  
TO NICARAGUAN RESISTANCE FORCES. REQUEST THAT  
TFHA/HONDURAS PROCEED IMMEDIATELY TO ARRANGE WITH  
RESISTANCE LEADERSHIP FOR DELIVERIES TO FORCES INSIDE  
NICARAGUA, AND THOSE PREPARED FOR PROMPT DEPARTURE FROM  
HONDURAS. CONCUR IN CONTRACTOR PROPOSED IN ENOS REPORT,  
I.E., SGA FINANCIAL GROUP. SUGGEST YOU ALSO DRAW ON  
FOLLOWING GUIDANCE.

(TOTAL FROM INCEPTION FOR CFF DOLLARS 260,000.00)

2. WE APPRECIATE WORK BY ENOS, TFHA, AND OTHERS IN  
PULLING TOGETHER INFORMATION PROVIDED IN REPORT RECEIVED  
HERE TODAY. ON THE BASIS OF THE DRAFT REPORT (WHICH WE  
UNDERSTAND WAS REVIEWED BY RIG), AND DISCUSSIONS WITH  
ENOS, WE HAVE OPTED TO PROCEED WITH OPTION THREE USING  
SGA FINANCIAL GROUP TO PROCURE THE NECESSARY CORDOBAS  
FOR TFHA/HONDURAS TO PROVIDE TO THE RESISTANCE FOR

7. SEPTEL WILL PROVIDE DELEGATION OF PROCUREMENT  
AUTHORITY TO ISSUE P.O. FOR CORDOBAS, AND WILL ADVISE  
FORM OF OBLIGATION, EITHER LETTER GRANT SIGNED HERE, OR  
SIMPLE PURCHASE ORDER ISSUED BY TFHA/HONDURAS. SEPTEL  
WILL ADVISE THAT USDO CONCURRENCE HAS BEEN OBTAINED FOR  
THIS FOREIGN CURRENCY PURCHASE. SHULTZ

ONWARD DELIVERY TO UNIT COMMANDERS AND COURIERS WITH THE  
LATTER TWO SIGNING FOR RECEIPT, MONITORED BY IG AND GAO  
PERSONNEL. RECEIPT SHOULD BEAR STATEMENT "THE FUNDS ARE  
ACCEPTED FOR BASIC FOOD AND SUBSISTENCE COSTS". ALSO,  
TFHA/HONDURAS SHOULD ARRANGE VAULT STORAGE IN EMBASSY OR  
BANKING FACILITY AS YOU DEEM APPROPRIATE.

3. TO IMMEDIATELY PUT SOME CASH FOR FOOD INTO THE HANDS  
OF COMBATANTS INSIDE NICARAGUA AND THOSE ABOUT TO  
RETURN, WE ARE AUTHORIZING STARTUP PAYMENT OF DOLLARS  
200,000 PLUS A PAYMENT OF DOLLARS 60,000 (AS PREVIOUSLY  
DISCUSSED WITH COLONEL BERMUDEZ) TO HELP AMORTIZE APRIL  
DEBT WHICH RN CAN JUSTIFY. WE KNOW FROM DISCUSSING WITH  
COLONEL BERMUDEZ SOME UNITS HAVE HIGH DEBT, AND OTHER  
UNITS NO DEBT; WE RECOMMEND THAT NDR HEADQUARTERS BE  
INFORMED THAT IN ADDITION TO COLLAR 1.00/DAY AVAILABLE  
FOR TROOPS INSIDE NCV, AND DOLLAR 1.00/DAY FOR TROOPS AS  
THEY RETURN TO NICARAGUA, WE WILL MAKE AVAILABLE UP TO  
MAXIMUM DOLLARS 60,000 TO BE APPLIED TO THE HIGHEST  
PRIORITY DEBTS JUSTIFIED BY UNIT COMMANDERS TO NDR  
HEADQUARTERS. THIS AMOUNT WOULD BE TURNED OVER TO UNIT  
REPRESENTATIVES TO BE CARRIED INTO UNITS INSIDE  
NICARAGUA - NOT ISSUED TO BE HELD IN HONDURAS. FYI  
BERMUDEZ WAS DELIGHTED WITH THE INCREASE FROM DOLLAR .50

UNCLASSIFIED

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San Jose, C.R., November 7, 1988

Sr. Ted D. Morse  
Chief of Project AID/RN  
Washington, D.C.

cc: TM  
JL  
TB  
RM

Dear Mr. Morse:

On October 11 we requested from Ray Baum, AID/Costa Rica, to rebit to us at their earliest convenience possible the cordobas for the combatants who are at the mountains. On October 13, Mr. Baum said that even though the new legislation for humanitarian assistance was in force, they were unable to deliver the cordobas due to legal impediments from the Costa Rican Government.

By this means, we are requesting that you deliver to Cmdte. Franklyn (ERN-NORTH), sufficient cordobas to cover the expenses for the operation of (800) combatants, for a period of two or three months, to our units which are operating near Cmdte. Franklyn's units (ERN-NORTH). Personnel from Cmdte. Franklyn's unit will deliver the cordobas to the person designated by us, who in turn will report to us by radio when the transaction has taken place.

We thank you in advance for the approval because our people have not received any cordobas since the initiation of the program in April 1988.

Sincerely,

Cmdte. Leonel  
ERN-SOUTH

Cmdte. Franklin  
ERN-SOUTH

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Resistencia



Nicaragüense

San José, C. H. 7 de noviembre de 1980

Sr. Tedd Morse  
Jefe Proyecto AID/RN  
Washington, D. C.

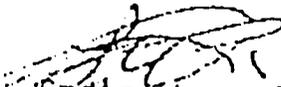
Estimado señor Morse:

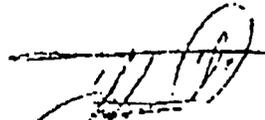
El 11 de octubre le solicitamos al Señor Ray Baum de AID/Costa Rica, que nos entregara a la brevedad córdobas para los combatientes que están en la montaña. Con fecha 13 de octubre el señor Baum nos respondió que aunque ya estaba en vigor la nueva legislación de ayuda humanitaria, no podía hacernos entrega de los córdobas debido a los impedimentos legales del Gobierno de Costa Rica.

Por este medio le solicitamos le entregue al Cdto. Franklyn (ERN-NORTE), córdobas suficientes para cubrir necesidades de operación de ochocientos (800) combatientes, durante un período de dos a tres meses, de unidades nuestras que se encuentran operando cerca de las unidades del Cdto. Franklyn (ERN-NORTE). El personal del Cdto. Franklyn lo entregará al responsable que nosotros designaremos, quien a su vez reportará por radio cuando reciba la cantidad enviada.

De antemano le agradecemos su aprobación, ya que nuestra gente no ha recibido córdobas desde que se inició el programa en abril de 1980.

Le saludamos atentamente,

  
Cmdte. Leonel  
ERN-SUR

  
Cmdte. Franklyn  
ERN-SUR

FILE: LAC(TFHA)

DEPARTMENT OF STATE  
DIVISION OF LANGUAGE SERVICES

(TRANSLATION)

LS NO. 126063  
JF  
Spanish

O 122335Z May 88  
FM MIGUEL D'ESCOTO BROCKMANN  
TO HON GEORGE SHULTZ

mc  
INFO: R/Logs, TFHA, AA/LAC, AA/PPC,  
AA/FVA, GC

UNCLAS MANAGUA, May 10, 1988

Mr. George Shultz  
Secretary of State of the  
United States of America

Mr. Secretary:

I am writing to bring the following to your attention:

According to information published in the New York Times, officials of the Agency for International Development (AID) stated at a briefing for reporters that "the only alternative was to give the contras cash for food. The cash would be distributed in cordobas...to the contras inside Nicaragua and in dollars to the contras in Florida...noting that American agencies would try to audit spending under the program."

Once again, I must vigorously protest the irresponsible attempt to resort to this illegal means to provide "aid" to the contras, in flagrant violation of the Sapoa accord, the Esquipulas II accords, and in disregard for the Nicaraguan proposal to entrust the International Committee of the Red Cross, a humanitarian agency par excellence, with the task of delivering aid to the irregular forces.

I have explained to you at length in previous notes the well-grounded reasons why the Nicaraguan Government terms illegal this so-called "humanitarian aid" channeled through AID to sabotage peace efforts and to fuel the war against Nicaragua. In his capacity as a member of the verifying committee, "the only one created by the parties to the Sapoa accord," OAS Secretary General Joao Clemente Baena Soares stated that he could not assume the responsibility for "verifying actions inconsistent with the objectives and underlying reasons for its creation."

I must also add that an attempt such as this to introduce national currency into Nicaragua for the contras is in flagrant violation of the laws of the republic, in particular decree No. 307 of February 14, 1988, article 3 of which places restrictions on bringing corodobas into the country.

In addition, I must stress that the delivery of cash to the contras can in no way be considered humanitarian aid, inasmuch as under the Sapoa accord, such aid consists of "food and basic supplies for the irregular forces," and not of cash. I must also point out that there is no guarantee at all with respect to what will happen to these funds. The AID officials themselves in the above-mentioned briefing for reporters said that they "could not completely control the use of the money by the contras inside Nicaragua."

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Finally, I cannot overlook the fact that the distribution of such "aid" would imply a greater involvement in terms of the use of Honduran territory as a platform for the illegal policy of your government since, as those AID officials acknowledge, "much of the money would be given to couriers in Honduras, who would carry it inside Nicaragua."

Sincerely,

Miguel D'Escoto Brockmann  
Minister of Foreign Affairs

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COPY**



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*Department of State*

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D 122335Z MAY 88  
FM MIGUEL D'ESCOTO BROCKMAN  
TO HONGEORGE SHULTZ

UNCLAS  
MANAGUA, NIC. 10 DE MAYO DE 1988

IA.

AL SENOR  
GEORGE SHULTZ  
SECRETARIO DE ESTADO  
DE LOS ESTADOS UNIDOS DE AMERICA

SENOR SECRETARIO DE ESTADO.

ME DIRIJO A USTED EN OCASION DE FORMULAR LAS  
SIGUIENTES CONSIDERACIONES:

SEGUN INFORMACIONES PUBLICADAS EN EL PERIODICO NEW YORK TIMES, DE FECHA 10 DE MAYO DE 1988, OFICIALES DE LA AGENCIA INTERNACIONAL PARA EL DESARROLLO (AID) DECLARARON DURANTE UNA SESION INFORMATIVA PARA PERIODISTAS QUE:

"LA UNICA ALTERNATIVA ERA DAR A LOS CONTRAS DINERO PARA ALIMENTOS... EL DINERO SERIA REPARTIDO EN CORDOBA, ... A LOS CONTRAS DENTRO DE NICARAGUA, Y EN DOLARES A LOS CONTRAS EN FLORIDA... ADVIRTIENDO QUE AGENCIAS AMERICANAS INTENTARIAN INSPECCIONAR EL GASTO BAJO EL PROGRAMA"

NUEVAMENTE, DEBO PROTESTAR ENERGICAMENTE ANTE LA IRRESPONSABLE PRETENSION DE RECURRIR A ESTE ILEGAL MECANISMO CON EL PROPOSITO DE PROVEER DE "AYUDA" A LA CONTRA, EN FLAGRANTE VIOLACION AL ACUERDO DE SAPOA, A LOS ACUERDOS DE ESQUIPULAS II Y PASANDO POR ALTO LA PROPUESTA DEL GOBIERNO DE NICARAGUA DE QUE SEA EL COMITE INTERNACIONAL DE LA CRUZ ROJA (CICR), INSTITUCION HUMANITARIA POR EXCELENCIA, LA QUE DEBE HACER CARGO DE ENTREGAR LA AYUDA A LAS FUERZAS IRREGULARES.

EN ANTERIORES NOTAS ME EXPLICADO AMPLIAMENTE A USTED LOS JUSTIFICADOS MOTIVOS QUE TIENE EL GOBIERNO DE NICARAGUA PARA CALIFICAR DE ILEGAL LA LLAMADA "AYUDA HUMANITARIA" QUE SE CANALIZA POR LA AGENCIA INTERNACIONAL PARA EL DESARROLLO, CON EL PROPOSITO DE SABOTEAR LOS ESFUERZOS DE PAZ Y ALIMENTAR LA GUERRA CONTRA NICARAGUA. EN SU CALIDAD DE MIEMBRO DE LA COMISION VERIFICADORA, "QUE ES LA UNICA CREADA POR LAS PARTES EN EL ACUERDO DE SAPOA", EL SECRETARIO GENERAL DE LA O.E.A. JOAO CLEMENTE BAENA SOARES EXPRESO QUE NO PODIA RESPONSABILIZARSE "POR VERIFICAR ACCIONES INCONGRUENTES CON LOS OBJETIVOS Y MOTIVOS SUBYACENTES EN SU CONCEPCION."

EN ADICION A ELLO, DEBO AGREGAR QUE TAL PRETENSION DE INTRODUCIR MONEDA NACIONAL A NICARAGUA PARA LA CONTRA VIOLA FLAGRAMENTE LAS LEYES DE LA REPUBLICA, PARTICULARMENTE EL DECRETO NO. 307 DE FECHA 14 DE FEBRERO DE 1988, CUYO ARTICULO 3 ESTABLECE RESTRICCIONES PARA EL INGRESO DE CORDOBA AL PAIS.

POR OTRA PARTE, DEBO RESALTAR QUE LA ENTREGA DE DINERO EN EFECTIVO A LA CONTRA EN MODO ALGUNO PUEDE CALIFICARSE COMO AYUDA HUMANITARIA, TODA VEZ QUE, A LA LUZ DEL ACUERDO DE SAPOA, ESTA CONSISTE EN "ALIMENTOS Y SUMINISTROS BASICOS PARA LAS FUERZAS IRREGULARES" Y NO EN DINERO EN EFECTIVO. CABE SENALAR ADEMAS, QUE NO EXISTE NINGUN TIPO DE GARANTIA SOBRE EL DESTINO QUE PUEEDA DARSELES A DICHS FONDOS. LOS PROPIOS FUNCIONARIOS DE LA AID RECONOCERON EN LA CITADA SESION INFORMATIVA PARA PERIODISTAS "QUE NO PODIAN CONTROLAR COMPLETAMENTE EL USO QUE HARIA LA CONTRA DEL DINERO EN NICARAGUA".

FINALMENTE NO PUEDO PASAR POR ALTO EL HECHO DE QUE LA ENTREGA DE DICHA "AYUDA" IMPLICARIA UN MAYOR COMPROMETIMIENTO EN EL USO DEL TERRITORIO HONDURENO COMO PLATAFORMA DE LA ILEGAL POLITICA DE SU GOBIERNO YA QUE SEGUN RECONOCIERON ESTOS FUNCIONARIOS DE LA AID "LA MAYORIA DEL DINERO SE DARIA A CORREOS EN HONDURAS QUE LO LLERIAN A NICARAGUA"

ATENTAMENTE,

MIGUEL D'ESCOTO BROCKMAN  
MINISTRO DEL EXTERIOR

EOT

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*Department of State*

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EN ADICION A ELLO, DEBO AGREGAR QUE TAL PRE-  
TENSION DE INTRODUCIR MONEDA NACIONAL A NICARAGUA PARA LA  
CONTRA VIOLA FLAGRAMENTE LAS LEYES DE LA REPUBLICA, PAR-  
TICULARMENTE EL DECRETO NO. 307 DE FECHA 14 DE FEBRERO DE  
1988, CUYO ARTICULO 3 ESTABLECE RESTRICCIONES PARA EL INGRE-  
SO DE CORDOBAS AL PAIS.

ACTION SS-00

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O 122335Z MAY 88  
FM MIGUEL D'ESCOTO BROCKMAN  
TO HONGEORGE SHULTZ

POR OTRA PARTE, DEBO RESALTAR QUE LA ENTRE-  
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RON EN LA CITADA SESION INFORMATIVA PARA PERIODISTAS "QUE  
NO PODIAN CONTROLAAR COMPLETAMENTE EL USO QUE HARIA LA CONTRA  
DEL DINERO EN NICARAGUA".

UNCLAS  
MANAGUA, NIC. 10 DE MAYO DE 1988

IA.

AL SENOR  
GEORGE SHULTZ  
SECRETARIO DE ESTADO  
DE LOS ESTADOS UNIDOS DE AMERICA

FINALMENTE NO PUEDO PASAR POR ALTO EL HECHO  
DE QUE LA ENTREGA DE DICHA "AYUDDA" IMPLICARIA UN MAYOR  
COMPROMETIMIENTO EN EL USO DEL TERRITORIO HONDURENO COMO  
PLATAFORMA DE LA ILEGAL POLITICA DE SU GOBIERNO YA QAU E-  
SUN RECONOCIERON ESTOS FUNCIONARIOS DE LA AID "LA MAYORIA  
DEL DINERO SE DARIA A CORREOS EN HONDURAS QUE LO LLEVARIAN  
A NICARAGUA"

SEÑOR SECRETARIO DE ESTADO:

ME DIRIJO A USTED EN OCASION DE FORMULAR LAS  
SIGUIENTES CONSIDERACIONES:

ATENTAMENTE,

SEGUN INFORMACIONES PUB  
LICADAS EN EL PERIO-  
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RARON DURRANTE UNA SESION INFORMATIVA PARA PERIODISTAS QUE:

MIGUEL D'ESCOTO BROCKMANN  
MINISTRO DEL EXTERIOR

EOT

"LA UNICA ALTERNATIVA ERA DAR A LOS CONTRAS DI-  
NERO PARA ALIMENTOS... EL DINERO SERIA REPARTIDO  
EN CORDOBAS, ... A LOS CONTRAS DENTRO DE NICARA-  
GUA, Y EN DOLARES A LOS CONTRAS EN FLORIDA... AD-  
VIRTIENDO QUE AGENCIAS AMERICANAS INTENTARIAN  
INSPBCCIONAR EL GASTO BAJO EL PROGRAMA"

MUEVAMENTE, DEBO PROTESTAR ENERGIAMENTE ANTE  
LA IRRESPONSABLE PRETENSION DE RECURRIR A ESTE ILEGAL MECANIS-  
MO CON EL PROPOSITO DE PROVEER DE "AYUDA" A LA CONTRA,  
EN FLAGRANTE VIOLACION AL ACUERDO DE SAPOA, A LOS ACUERDOS  
DE ESQUIPULAS II Y PASANDO POR ALTO LA PROPUESTA DEL GO-  
BIERNO DE NICARAGUA DE QUE SEA EL COMITE INTERNACIONAL DE  
LA CRUZ ROJA (CICR), INSTITUCION HUMANITARIA PDR EXCELENCIA,  
LA QUE SE HAGA CARGO DE ENTREGAR LA AYUDA A LAS FUERZAS IRRE-  
GULARES.

EN ANTERIORES NOTAS HE EXPLICADO AMPLIAMENTE  
A USTED LOS JUSTIFICADOS MOTIVOS QUE TIENE EL GOBIERNO DE NICA-  
RAGUA PARA CALIFICAR DE ILEGAL LA LLAMADA "AYUDA HUMANITARIA"  
QUE SE CANALIZA POR LA AGENCIA INTERNACIONAL PARA EL DESARROLLO,  
CON EL PROPOSITO DE SABOTEAR LOS ESFUERZOS DE PAZ Y ALIMEN-  
TAR LA GUERRA CONTRA NICARAGUA. EN SU CALIDAD DE MIEMBRO DE  
LA COMISION VERIFICADORA, "QUE ES LA UNICA CREADA POR LAS  
PARTES EN EL ACUERDO DE SAPOA", EL SECRETARIO GENERAL DE LA  
O.E.A. JOAO CLEMENTE BAENA SOARES EXPRESO QUE NO PODIA RESPON-  
SABILIZARSE "POR VERIFICAR ACCIONES INCONGRUENTES CON LOS  
OBJETIVOS Y MOTIVOS SUBYACENTES EN SU CONCEPCION."

UNCLASSIFIED

105



DEPARTMENT OF STATE  
EXECUTIVE SECRETARIAT  
ACTION SLIP  
LIMITED OFFICIAL USE

(Classification/Downgrader)

**SADIXED**

MAY 17 1988

DATE: 5/17/88

S/S CONTROL NUMBER  
8815157 AID

ACTION ASSIGNED TO: *1042 ARA*

DUE IN S/S BY: 5/24 - *linin*

ACTION REQUESTED:

WITH DRAFT REPLY FOR SIGNATURE BY: \_\_\_\_\_

\_\_\_ STATE TO \_\_\_ MEMO

\_\_\_ WITH COMMENT/RECOMMENDATION

\_\_\_ PRESIDENTIAL

\_\_\_ IF NO SIGNED ORIGINAL IS NECESSARY, PREPARE CROSS-HATCH CABLE.

\_\_\_ CONGRESSIONAL

\_\_\_ AFTER CROSS-HATCHING, SEND A COMEBACK COPY OF OUTGOING STATE CABLE AND ORIGINAL WH CORRESPONDENCE, UNDER COVER OF A TRANSMITTAL FORM, BACK TO WH.

**HIGH PRIORITY**

\_\_\_ STATE TRANSMITTAL FORM TO NSCS \_\_\_ OVP \_\_\_

\_\_\_ IF NO REPLY IS NECESSARY, RETURN ORIGINAL WH CORRESPONDENCE UNDER COVER OF A TRANSMITTAL FORM.

\_\_\_ DIRECT REPLY ON BEHALF OF \_\_\_\_\_ FOR SIGNATURE BY \_\_\_\_\_

\_\_\_ travel authorization

\_\_\_ REPLY FOR SIGNATURE BY \_\_\_\_\_

\_\_\_ Provide info copy under cover of State - \_\_\_\_\_ transmittal form

RECOMMENDATION FOR S with Memorandum for the President

UNDER COVER OF AN ACTION MEMO with reply for signature

\_\_\_ APPROPRIATE HANDLING

\_\_\_ FOR YOUR INFORMATION

REMARKS/SPECIAL INSTRUCTIONS:

CLEAR WITH:

*The Secretary leaves for Summit 5/25.*

COPIES TO:

- |  |  |  |               |   |
|--|--|--|---------------|---|
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| ___ E  | ___ CA                                 | ___ M/MO                               | ___ S/CPR     | ___ S/R                                 |
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805448

FROM: \_\_\_\_\_  
S/S - S *WANDA KENNICOTT*  
TEAM: A *John* B \_\_\_\_\_  
X-78068/8063/8339/8348 X-75804/5805/8338/8349

AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON D C 20523

THE ADMINISTRATOR

May 26, 1988

The Honorable Henry J. Hyde  
House of Representatives  
Washington, D.C. 20515

Dear Congressman Hyde:

Thank you for your letter of May 5 expressing your concerns regarding problems the Agency for International Development (A.I.D.) is facing in implementing the program of humanitarian assistance to the Nicaraguan Resistance.

I fully agree with your interpretation of the legislation with regard to the legality of operating inside Honduras. Executive Branch lawyers also agree. We are proceeding in as swift a manner as possible to deliver the assistance needed, while maintaining the principles of openness and accountability. The A.I.D. Task Force has been quite successful in this; supplies of both food and quartermaster goods are reaching the Resistance forces in Honduras on a regular basis.

In addition, as you are probably aware, I have determined that it is necessary to begin a "Cash for Food" program in order to reach Resistance forces in Nicaragua with at least minimal support. The lack of progress in the peace negotiations coupled with the increasingly critical need for food for Resistance forces has made this essential. Hopefully, the continuing negotiations will result in A.I.D.'s ability to fully resupply the Resistance within Nicaragua in the near future.

You can be assured that we will continue to do all we can to provide for the basic humanitarian needs of the Nicaraguan Resistance forces. Without this assistance, the Resistance will be severely weakened in their ability to negotiate an equitable and lasting peace. I appreciate your strong support for our efforts. If I can be of further assistance, please let me know.

Sincerely,



Alan Woods

*Thanks again for all you help*

LOUIS STOKES, OHIO, CHAIRMAN  
ANTHONY C. BEILSON, CALIFORNIA  
ROBERT W. KASTENMEIER, WISCONSIN  
ROBERT A. ROE, NEW JERSEY  
MATTHEW F. MCHUGH, NEW YORK  
BERNARD J. DWYER, NEW JERSEY  
CHARLES WILSON, TEXAS  
BARA B. KENNELLY, CONNECTICUT  
GLICKMAN, KANSAS  
OLAS MAVROULES, MASSACHUSETTS  
LL RICHARDSON, NEW MEXICO  
HENRY J. HYDE, ILLINOIS  
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BOB LIVINGSTON, LOUISIANA  
BOB McEWEN, OHIO  
DANIEL E. LUNGREN, CALIFORNIA  
BUD SHUSTER, PENNSYLVANIA  
THOMAS S. FOLEY, WASHINGTON, EX OFFICIO  
ROBERT H. MICHEL, ILLINOIS, EX OFFICIO

Room H-405, U.S. Capitol  
(202) 225-4121

THOMAS K. LATIMER, STAFF DIRECTOR  
MICHAEL J. O'NEIL, CHIEF COUNSEL  
THOMAS R. SWEETON, ASSOCIATE COUNSEL

## U.S. HOUSE OF REPRESENTATIVES

PERMANENT SELECT COMMITTEE  
ON INTELLIGENCE

WASHINGTON, DC 20515-8416

May 5, 1988

The Honorable Alan Woods  
Administrator  
Agency for International Development  
320 21st Street, N.W.  
Washington, D. C. 20523

Dear Mr. Woods:

As the Ranking Republican on the House Intelligence Committee, I want to express my urgent concern over the problems AID is encountering with respect to furnishing humanitarian assistance to the Nicaraguan Resistance.

Before going any further, I want to make it clear that these problems are not AID-generated. Rather, they are the result of misinterpretations by some Members of Congress as to what AID can do to provide assistance to the Resistance. Particularly disturbing are press accounts that Senators Inouye and Harkin are questioning the legality of delivering food to the Resistance forces inside Honduras, much less Nicaragua. Such interpretations are wrong. Delivery of assistance inside Honduras was clearly contemplated by the drafters of the humanitarian legislation, and there is nothing in this legislation that precludes the aid you are providing.

I, therefore, urge you to redouble immediately your efforts to furnish food and other non-lethal assistance to the Resistance, including payment for such assistance when necessary. Their situation is rapidly becoming desperate, and we have an overriding moral obligation to fulfill a commitment Congress made to these people.

Finally, it would certainly not be consistent with the intent of the legislation or the spirit of the Sapoa Agreement to enforce the humanitarian aid program with a tortured interpretation as suggested by some Congressional critics. Adherence to such an interpretation will starve the Democratic Resistance out of any meaningful participation in the negotiation of a permanent ceasefire and internal reforms, thus compelling them to either surrender to Sandinista consolidation or become pathetic refugees.

Sincerely,



Henry J. Hyde  
Ranking Member

cc:

Honorable George Shultz, Secretary of State  
Honorable Howard Baker, White House Chief of Staff  
General Colin Powell, National Security Adviser  
Honorable Charles Bowsher, Comptroller General

AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON D C 20523

THE ADMINISTRATOR

July 21, 1988

The Honorable James C. Wright, Jr.  
Speaker of the House of Representatives  
Washington, D.C. 20515

Dear Mr. Speaker:

I would like to thank you and other members of the House Leadership for meeting with A.I.D. officials on July 12 to discuss the Nicaraguan humanitarian assistance program.

We agree that it is important for all parties to continue to encourage a formal cease-fire agreement between the Resistance and the Sandinista Government that will make it possible for a neutral organization to deliver humanitarian supplies inside Nicaragua, as envisioned by the Sapoa Accord. However, we are naturally sympathetic to the position of the Resistance that any future accord must ensure the viability of their forces and advance genuine democratization in Nicaragua.

In the absence of such an agreement, it would be impractical and unsafe for any organization to attempt to make deliveries into Nicaraguan territory. Moreover, until formal arrangements are made for a verifiable cease-fire, it would be a tremendous risk for Resistance forces to openly concentrate themselves in prescribed zones in order to receive aid deliveries.

In the meantime, there is no acceptable alternative to continuing a cash-for-food program in order to feed Resistance units currently located in or returning to Nicaragua. If we were to discontinue the cash-for-food program, we would be leaving units in Nicaragua without food and basic necessities. Not only would this situation unfairly tilt the scales for negotiating, it could precipitate violence if desperate people forcibly requisition food, or could cause thousands more Nicaraguans to seek refuge in countries where food is available. Either scenario would certainly be detrimental to our objectives of democracy and reconciliation in the region.

As always, we are prepared to consult with you further as future developments require.

Sincerely,

  
Alan Woods

October 18, 1989

Honorable Members of the Congress of the U.S.A.

Gentlemen:

Since we were not informed beforehand about the new procedures for the delivery of funds under the CFF Program (Cash for Food) for the resistance, we have debts inside Nicaragua and which correspond to the different battalions that have remained infiltrated, of which the Director of the A.I.D. Program for the resistance has complete knowledge, and surely these troops exceeded the amount of 3,500 which the new disposition specifies should remain inside Nicaragua; attached is a detailed list of the outstanding accounts, and we, with the greatest respect you deserve, appeal before you so that the funds be authorized to cover these debts and cancel the accounts of these persons who have provided food to our troops inside Nicaragua.

Also, we agree that from now on cordobas be provided to a maximum of 3,500 men who are inside Nicaragua, but we invite you, members of the honorable congress, to authorize cordobas for (800) men on a monthly basis, since these are the ones who would be traveling to deliver the cordobas, medicines and even relieve certain men, who for health reasons, have to return to the sanctuary.

For all the above and for the demand of our needs, we request that you approve what we require in this letter, since this would settle debts for food acquired with the farmers population in the regions our troops have visited.

Without any further references, we remain with all our consideration and esteem, awaiting a favorable answer.

Sincerely,

/s/  
Cmdte. Frankling  
Jefe, Estado Mayor ERN

/s/  
Cmdte. Denis  
G-1, Secc. Personal ERN

/s/  
Cmdte. Mack  
G-2, Inteligencia

/s/  
Cmdte. Dimas  
G-3 Operaciones ERN

/s/  
Cmdte. Douglas  
G-4 (Logistica) ERN.

/s/  
Cmdte. Ruben  
G-5 (Opsic) ERN

October 18, 1989

LIST OF BATTALIONS THAT HAVE OUTSTANDING DEBTS INSIDE, BY FOOD PROVIDED BY THE CIVILIAN POPULATION, MONTHS NOTED ON THE MARGIN OF EACH BATTALION:

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BTN. JORGE SALAZAR NO. 5	OWE (2) MONTHS, AUGUST AND SEPTEMBER 1989
BTN. ISMAEL CASTILLO URBINA	OWE (2) MONTHS, AUGUST AND SEPTEMBER 1989
BTN. SEGOVIA	OWE (4) MONTHS, JUNE, JULY, SEPTEMBER 1989.
BTN. SAN JACINTO	OWE (1) MONTH, SEPTEMBER 1989
BTN. ALONSO IRIAS	OWE (1) MONTH, SEPTEMBER 1989
BTN. LARRY MCDONALD	OWE (2) MONTHS, AUGUST AND SEPTEMBER 1989
C.O.E.	OWE (3) MONTHS, JULY, AUGUST AND SEPTEMBER 1989.

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NOTE: THE MONTHS NOTED ON THE MARGIN OF EACH BATTALION, ARE THE ONES WHICH ARE OUTSTANDING, SINCE THEY ARE FOR FOOD PROVIDED BY THE CIVILIAN POPULATION TO OUR TROOPS INSIDE NICARAGUA, IN DIFFERENT REGIONS.

\_\_\_\_\_  
CMDTE. DOUGLAS  
G-4, Logistica, E.R.N.

122'

CUARTEL GENERAL EJERCITO DE LA RESISTENCIA  
COMANDO ESTRATEGICO  
ESTADO MAYOR

18 de Octubre de 1989.

LISTA DE BATALLONES QUE TIENEN DEUDAS PENDIENTES EN  
EL INTERNO, POR ALIMENTACION PROPORCIONADA POR LA -  
POBLACION CIVIL, MESES ANOTADOS AL MARGEN DE CADA -  
BATALLON:

- BTN. JORGE SALAZAR No.5. DEBE (2) MESES, AGOSTO Y SEPTIEMBRE DE 1989:
- BTN. ISMAEL CASTILLO URBINA DEBE (2) MESES, AGOSTO Y SEPTIEMBRE DE 1989:
- BTN. SEGOVIA- - - - - DEBE (4) MESES, JUNIO, JULIO, AGOSTO Y SEPTIEMBRE DE 1989:
- BTN. SAN JACINTO- - - - - DEBE (1) MES, SEPTIEMBRE 1989:
- BTN. ALONSO IRIAS- - - - - DEBE (1) MES, SEPTIEMBRE 1989:
- BTN. LARRY MC. DONALD- - ~ DEBE (2) MESES, AGOSTO Y SEPTIEMBRE DE 1989:
- C.O.E. - - - - - DEBE (3) MESES, JULIO, AGOSTO Y SEPTIEMBRE DE 1989:

Nota: Los meses anotados al margen de cada batallon, son los que están pendientes de cancelar, ya que es por alimentación proporcionada por la población civil a nuestras tropas en el interior de Nicaragua, en diferentes regiones.

  
 Comdte. Douglas  
 G-4, Logistica, E.R.N.

CUARTEL GENERAL EJERCITO DE LA RESISTENCIA  
JEFATURA DEL ESTADO MAYOR

18 de Octubre de 1989

Honorables Miembros del Congreso de U.S.A.

Señores:

En vista que nosotros no fuimos informados con anterioridad acerca de los nuevos procedimientos para la entrega de fondos bajo el Programa CFF (Dinero en efectivo para alimentos) a la resistencia, tenemos deudas dentro de Nicaragua y que corresponden a los diferentes batallones que han permanecido internos, de lo cual tiene entero conocimiento el Director del Programa de A.I.D. para la resistencia, y que desde luego estas tropas sobrepasaban la cantidad de 3,500 que especifica la nueva disposición que deben permanecer dentro de Nicaragua, se adjunta lista detallada de las cuentas pendientes, y nosotros con el mayor respeto que se merecen apelamos ante ustedes, a fin de que sean autorizados fondos para cubrir estas deudas y cancelarlas a las personas que han proporcionado esta alimentación a nuestras tropas dentro de Nicaragua.

Tambien, nosotros estamos de acuerdo en que de ahora en adelante se provea córdobas a un máximo de 3,500 hombres que está dentro de Nicaragua, pero nosotros invitamos a ustedes señores Miembros del Honorable Congreso a que nos autoricen córdobas para (800) hombres mensualmente, ya que éstos serían los que estarían viajando a dejarles los córdobas, vituallas, medicinas y hasta a relevar a ciertos hombres que por razones de enfermedad tengan que regresar al santuario.

Por todo lo antes expuesto y por las exigencias de nuestras necesidades, nosotros pedimos a ustedes nos aprueben lo requerido en la presente, ya que esto vendría a solventar deudas por alimentación adquiridas con la población campesina en las regiones donde nuestras tropas han visitado.

Sin otro particular a que hacer referencia, nos suscribimos ante ustedes con toda consideración y aprecio, quedando en espera de una respuesta favorable.

Atentamente.



por. *Franklin*  
Comdte. Franklin  
Jefe del Estado Mayor ERN.

*Dennis*  
Comdte. Dennis E.M.  
G-1, Secc. Personal



*Wade*  
Comdte. Wade  
G-2, Inteligencia ERN

*Dimas*  
Comdte. Dimas  
G-3, Operaciones ERN

*Douglas*  
Comdte. Douglas  
G-4, (Logística) ERN

*Ruben*  
Comdte. Ruben  
G-5, (Opsio) ERN

May 23, 1988

Cash for Food program only has approval for a 30 day period, which we are assigning to May.

Some funds to help with April food debt was negotiated with great difficulty; other other Agency estimate was \$60,000. We know from discussing with Bermudez some units have high debt and other units no debt; we recommend that ndr headquarters be informed that addition to \$1.00/day available for troops inside now, and \$1.00/day for troops as they return to Nicaragua, we will make available up to maximum \$60,000 to be applied to the highest priority debts justified by unit commanders to NDR headquarters. As with (b) above, this amount would be turned over to unit representatives to be carried into units inside Nicaragua -- not issued to be held in Honduras. FYI Bermudez was delighted with the increases from .50 to \$1.00/day and his initial reaction was quote that doubling will allow units to pay off their debts. unquote. When it was explained that we could also pay a reasonable, uninflated, amount of April credit, he promised not to seek ways to claim more for credit. We need to concentrate on starting this program now an not dely this by spending time on the credit prospect.

DRAFTED:TFHA/OD:TMORSE:VLM:05/23/88:0212A

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# News Release

## From the Office of Press Relations

Agency for International Development Washington, D.C. 20523

#32  
FOR IMMEDIATE RELEASE  
Friday, May 13, 1988

CONTACTS:  
Roger Noriega 647-0458  
Jerry Lipson 647-4277

### USAID APPROVES FOOD PAYMENTS FOR RESISTANCE

The U.S. Agency for International Development (USAID) will provide food and cash-for-food to be carried to the Nicaraguan Resistance units in Nicaragua, USAID Administrator Alan Woods announced today.

The food and cash-for-food will be given in measured amounts to the Resistance, which will be responsible for delivering it to units in Nicaragua. The cash will only be in the form of Nicaraguan currency (cordobas), purchased by USAID.

"Until the Nicaraguan Government agrees to allow routine delivery of food, as called for in the Sapoa accord and expected by Congress, we must use other means of getting aid to the Resistance inside Nicaragua," Woods said.

Congress, in legislation signed on April 1, has directed USAID to provide "food, clothing, shelter, medical services ...and payment for such items" to the Nicaraguan Resistance.

Humanitarian aid also was approved in a cease-fire agreement between the Resistance and the Nicaraguan Government on March 23. However, the Resistance and the Nicaraguan Government have not agreed on a method of delivery.

Meanwhile, USAID officials said, the food shortage there is growing more desperate, causing some Resistance units to leave Nicaragua.

USAID food shipments have reached Resistance units and their families in southern Honduras, however Resistance units that have remained in Nicaragua are relying on donations and credit to obtain food needed to survive.

The total amount of food and cash-for-food involved will "depend on how fast we can reach the greatest number of people needing food in the next 30 days," Woods said.

It is anticipated that the initial payments will be higher than subsequent monthly subsistence amounts to cover debts incurred by Resistance units since April 1.

*Jell*

MAY 19 1988

MEMORANDUM

TO: Director, TFHA, Ted D. Morse

FROM: TFHA Legal Advisor, <sup>RM</sup> Robert Meighan

SUBJECT: Legal Authority to make Cash Payments for the Sustenance of Resistance Personnel in Remote Areas under House Joint Resolution 523 (Public Law 100-276 of April 1, 1988)

Section 3(b) (1) of subject statute provides \$17,700,000 in assistance for the Nicaraguan democratic resistance. Section 3(c) (1) defines "Assistance" as:

Only food, clothing, shelter, medical services, medical supplies, and payment for such items or services. (emphasis added)

~~A.I.D. plans to deliver the largest part of the assistance~~ specified in the statute in kind. There are, however, instances in which cash may be provided directly to resistance personnel to allow them to purchase the assistance themselves. When resistance units are in the field it may be difficult or impossible at times to keep them fully supplied in kind with food and other sustenance.

At the present time A.I.D. has no way to supply resistance units in Nicaragua with assistance in kind, because the cease fire zones have not been established nor has the modus operandi for delivery. Some of those units are as far as three weeks walk from the border, and they could not possibly carry supplies that distance over the rough terrain. Even after the cross border air delivery program is established, the weather during the rainy season can prohibit air drops in an area for weeks or even months at a time. During those times also, currency may have to be sent in to allow units to purchase food locally. Some items particularly lend themselves to local purchase rather than having a supply operation from outside the region, such as meat and fresh fruits and vegetables.

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funding furnished and the currency itself. Amounts provided will be based on estimates of the basic daily food needs of an individual, less any amounts that have been furnished for that individual in kind. Amounts may well work out to being less than \$1 per day per individual. The currency supplied will be cordobas, the currency of Nicaragua. That currency can only be used to purchase items in Nicaragua. The only items readily available in rural Nicaragua are the basic supplies which constitute assistance under the statute.

CONCLUSION: A.I.D. does have the legal authority to provide currency for resistance members in, or going into, Nicaragua so that those individuals can purchase food on the local economy.

TFHA:RMeighan:pmd:05/16/88:WANG 0159

There is legislative history indicating that the intent of the legislation is to provide the Contras and their families with the means to survive as they participate in the negotiations intended to produce a peaceful solution to the conflict. See 33 Congressional Record S-3502 (March 31, 1988) (statement of Senator Wirth). Put in slightly different terms, it was meant to keep one side from merely stalling the peace negotiations and waiting until the other side ran out of supplies, thus giving the former no incentive to negotiate meaningful changes. 33 Congressional Record S-3482 (March 31, 1988) (statement of Senator Boren). At the present time, A.I.D. has no way to support resistance units in Nicaragua other than giving them currency to purchase sustenance on the local market. There is no other way to accomplish the intent of the statute. If A.I.D. does not provide the currency, those resistance units would starve, begin taking basic items by force, or be forced to leave Nicaragua and go to a neighboring country where they can receive supplies in kind. All of those alternatives run directly contrary to the statutory purpose. The statute, by its terms supports the SAPOA Agreement, and that Agreement calls for resistance forces to be located inside Nicaragua, in established zones, for which a modus operandi will be agreed to for their supply of humanitarian assistance. By Article 2 of the SAPOA Agreement, those zones were to have been established during the first 15 days of April. They are not established as of this date, and it is not known when they will be. In the meantime, the democratic resistance cannot live without food. They have exhausted the local credit in some places. How critical the situation is varies from place to place, but it will only get worse as time drags on. If A.I.D. does not provide this currency to purchase food, the worst fears expressed by Senator Boren will be realized. The resistance will run out of basic supplies and be at the mercy of the other side.

This type of payment is provided for by the plain words of the statute. It authorizes A.I.D. to supply assistance therein defined, or to supply "payment for such items or services." There is a problem of accountability which will have to be watched closely. Auditors will not be able to enter Nicaragua to check on the ultimate use of the currency provided. Funds will at times be sent in with a courier to feed a unit. They will be delivered to the commander of the unit who may buy cattle and run an organized mess, or the funds may be passed on to individuals to purchase for themselves that which is available. The control insuring that the funding will indeed be used for basic sustenance lies in the amount of

ORIGINAL: signed  
OFFICIAL FILE COPY  
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COOPERATIVE AGREEMENT  
BETWEEN  
THE VERIFICATION COMMISSION  
(CREATED UNDER THE MARCH 23 1988 SAPOA AGREEMENT)  
AND  
THE GOVERNMENT OF THE UNITED STATES OF AMERICA  
THROUGH  
THE AGENCY FOR INTERNATIONAL DEVELOPMENT



THIS AGREEMENT, entered into by the Verification Commission created Under the March 23, 1988 Sapoa Agreement ("Verification Commission") and the Agency for International Development of the United States Government ("USAID") (together, the "Parties"), on this 18th day of May, nineteen hundred and eighty-eight.

WHEREAS, on March 23, 1988, in Sapoa, Nicaragua, the Constitutional Government of Nicaragua and the Nicaraguan Resistance entered into The Agreement Between the Constitutional Government of Nicaragua and The Nicaraguan Resistance ("March 23, 1988 Sapoa Agreement");

WHEREAS, the Sapoa Agreement was concluded during a meeting held at Sapoa, Nicaragua "with the aim of contributing to national reconciliation within the framework of the Esquipulas II Agreements."

WHEREAS, Article 9 of the March 23, 1988 Sapoa Agreement provides for the creation of a Verification Commission to verify compliance with that Agreement, and specifies that the members of the Commission will be the President of the Nicaraguan Episcopal Conference, his Eminence Miguel Cardinal Obando y Bravo ("the Cardinal"), and the Secretary General of the Organization of American States ("OAS"), his Excellency Ambassador Joao Clemente Baena Soares ("the Secretary General").

WHEREAS, on April 1, 1988, the President of the United States approved legislation authorizing him to transfer to the Agency of International Development \$10,000,000 for periodic payments to support the activities of the Verification Commission established by the March 23, 1988 Sapoa Agreement.

WHEREAS, Article 9 of the March 23, 1988 Sapoa Agreement further provides that the technical assistance and services to the Commission for expediting and facilitating compliance with, monitoring, and verification of the Agreement, shall be requested from and entrusted to the Secretary General of the Organization of American States ("OAS").

WHEREAS, Article 3 of the March 23, 1988 Sapoa Agreement allows for amnesty for members of the army of the previous regime in Nicaragua in relation to crimes committed before July 19, 1979, and provides that the Secretary General of the OAS shall be the guarantor and depository for compliance with that amnesty.

WHEREAS, The Secretary General has authorized Mr. Robert M. Sayre, Assistant Secretary for Administration of the General Secretariat to execute this Agreement on his behalf; the Cardinal has authorized Dr. Roberto Rivas to execute this Agreement on his behalf; and USAID has authorized Mr. Ted D. Morse to execute this Agreement on behalf of the United States Government.

NOW, WHEREFORE, THE PARTIES AGREE:

ARTICLE I: OBJECTIVE

1.1 The purpose of this Agreement is to set out the parameters under which USAID will provide assistance to the Verification Commission for verification activities required under the March 23, 1988 Sapoa

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Agreement. Those verification activities constitute "the Program" for purposes of USAID funding and are further set out in Attachment A, which together with the text of the March 23, 1988 Sapoa Agreement, is incorporated by reference into this Agreement.

ARTICLE II: USAID SUPPORT

2.1 USAID shall provide up to ten million dollars (U\$S 10,000,000) for support of the Program set out in Attachment A.

ARTICLE III: PAYMENT

3.1 The Verification Commission hereby designates the OAS Treasurer as its agent for the receipt of all funds provided by USAID under this Agreement.

3.2 Upon execution of this Agreement, USAID will deliver to the OAS Treasurer the sum of three million two hundred and twenty thousand and five hundred seventy-nine dollars (U\$S 3,220,579.00) to cover the estimated cost of the activities set out in the Program for the period March 23, 1988 to June 30, 1988. Upon receipt of those funds, the OAS Treasurer shall immediately disburse to the Cardinal the sum of one million ninety-five thousand four hundred ninety-four dollars (U\$S 1,095,494.00) and shall earmark two million one hundred twenty-five thousand eighty five dollars (U\$S 2,125,085.00) for disbursement to the Secretary General as requested by him for the Program of the Commission.

3.3 Following the initial payment required under Article 3.2 above, USAID shall make further periodic payments to the OAS Treasurer for the Commission, beginning on June 30, 1988, and every thirty days thereafter, subject to the following conditions:

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a. The amount of each periodic payment shall reimburse each member of the Verification Commission for all expenses incurred (and not covered by prior advances) in carrying out the Program for the thirty day period covered by the payment, and shall include an advance of those funds which are necessary, in accordance with the best estimates presented by the Commission to USAID, to sustain the Program activities for the succeeding thirty-day period. Each member of the Commission shall submit to USAID a Public Voucher for Purchases and Services Other Than Personal ("SF 1034") for the amount requested under each periodic payment, and the SF1034s so submitted shall indicate the amounts requested for reimbursement and those amounts requested as an advance based on the above-referenced estimates. On the basis of its review of each SF 1034, USAID may adjust the amount to be disbursed under the corresponding payment to reflect the cash requirements of each Commission member.

b. The Secretary General shall account periodically, through the OAS Treasurer, for all USAID funds received by him under this Agreement pursuant to standards of accountability currently accepted by USAID for use in other ongoing cooperative programs financed in whole or in part with USAID funds and executed by the General Secretariat.

c. The Cardinal shall account directly to USAID periodically for all monies received by him under this Agreement pursuant to standards of accounting generally used and accepted by the United States Government.

d. Based on the accountings and SF1034s as required above, USAID shall designate to the OAS Treasurer those amounts in each payment that are to be distributed to the Cardinal, and upon receipt of each such payment, the OAS Treasurer shall disburse that amount immediately to the Cardinal or the Cardinal's duly designated representative.

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e. The periodic accountings presented by each member of the Commission shall include a narrative statement of the activities funded. Beginning with an accounting due on June 30th, subsequent accountings shall be submitted at thirty-day intervals beginning June 30, 1988, and shall continue for as long as funds are available under this Agreement.

f. Each member of the Commission shall maintain financial records, including documentation to support entries on accounting records and to substantiate charges reimbursed to him under this Agreement. Consistent with the audit requirements set out in Attachment B, the Secretary General shall make available to the OAS Board of External Auditors and to USAID records pertinent to the USAID funds expended by him, and the Cardinal shall make available to USAID records pertinent to USAID funds expended by him.

#### ARTICLE IV: GENERAL TERMS AND CONDITIONS

4.1 Title to all property procured with funds provided under this Agreement shall be held in the name of the Verification Commission or as otherwise determined by the Verification Commission.

4.2 Any property furnished to the Verification Commission with funds from USAID pursuant to this Agreement shall be used effectively for the purposes of the Program in accordance with this Agreement, and upon termination of the Program, will be used so as to further the objectives sought in carrying out the Program. Property not so used shall be returned to USAID, or as to be determined by the Parties.

4.3 Any funds provided by USAID under this Agreement and which are not used in accordance hereto shall be refunded to USAID.

4.4 The Verification Commission shall make such arrangements as may be necessary and possible so that funds provided under this Agreement and used in Nicaragua are convertible into local currency at the highest rate which, at the time the conversion is made, is not unlawful there.

4.5 Nothing in this Agreement constitutes a waiver of privileges and immunities enjoyed by the Secretary General of the OAS, the OAS, the OAS General Secretariat, and its officers and staff under existing treaties, agreements, and statutes.

4.6 The present Agreement shall enter into force when signed. Either Party may terminate this Agreement by giving the other Party thirty days written notice of intention to terminate. Termination shall terminate any obligation of USAID to make additional payments other than those which are necessary to fund noncancellable commitments entered into with third parties by the Verification Commission or its agents prior to such termination. Obligations relating to use of property or funds shall remain in force after termination. Upon such termination, USAID may, at its expense, direct that title to goods financed under this Agreement be transferred to USAID if the goods are from a source outside Nicaragua and they are in a deliverable port and have not been offloaded into Nicaragua.

4.7 The Parties, at either's request, shall consult immediately with each other to confirm and record their mutual understanding on aspects of the implementation of this Agreement.

4.8 The Parties may obtain the assistance of other public and private agencies in carrying out their respective obligations under this Agreement. They may agree to accept contributions of property, services,

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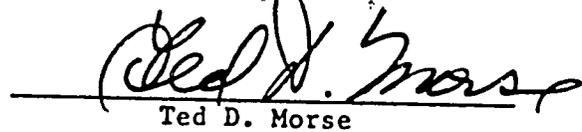
facilities, and funds for purposes of this Agreement from other public and private agencies, and may agree upon the participation of any such third party in carrying out activities under this Agreement.

IN WITNESS THEREOF, the undersigned, being duly authorized, have signed this Agreement in triplicate in the city of Washington, D.C., on this 18 day of May of the year nineteen hundred and eighty-eight.

For the Secretary General

  
Robert M. Sayre

For the Agency for International  
Development

  
Ted D. Morse

For the Cardinal

  
Roberto Rivas

Approp: 72-11X1038  
BPC: VRRX8829594KE52  
Resch No: V800001  
Prj. No: 5940000.04  
Funds Avail  
ZAZ

ATTACHMENT A  
PROGRAM DESCRIPTION

Under this Program, USAID will provide funding to the Verification Commission ("the Commission") created under the March 23, 1988 Sapoa Agreement between the Constitutional Government of Nicaragua and the Resistance. That Agreement entrusts the Commission with the responsibility for monitoring compliance with the Agreement. By the terms of the Agreement, the Commission is composed of two members: His Eminence Miguel Cardinal Obando y Bravo, the President of the Nicaraguan Episcopal Conference, and his Excellency Ambassador Joao Clemente Baena Soares, the Secretary General of the Organization of American States ("OAS"). The Agreement further provides that technical assistance and services to the Commission are to be requested from and entrusted to the Secretary General of the OAS.

On April 1, 1988, the President of the United States signed into law House Joint Resolution 523, authorizing him, inter alia, to transfer to USAID ten million dollars in funds for support of the Verification Commission's activities. That support, like all other assistance funded under that Resolution, must be administered consistent with the terms of the March 23, 1988 Sapoa Agreement, and the terms of any subsequent agreements between the Constitutional Government of Nicaragua and the Nicaraguan Resistance.

A. Objective

The objective of this Program, which is predicated on House Joint Resolution 523, is to provide support to the Verification Commission in carrying out the activities necessary for verification of the Sapoa

Agreement and subsequent agreements entered into by the Parties to that Agreement. Such support is to be in an amount of up to ten million dollars to be disbursed in periodic payments until such time as it is all expended.

The funds provided under this Program will help finance goods and services essential for the completion of the Commission's responsibilities under the Sapoa Agreement. They include, but are not limited to, salaries and per diem expenses of personnel, such as military and civilian observers, administrators, and technicians; communications and transportation costs; food, health care, and housing for Commission members, staff, and other necessary personnel when operating outside of a reasonable radius of their respective residences; office space and supplies; equipment leases or purchases; insurance.

C. General Program Activities

1. The Verification Commission will establish offices in Managua and Washington, D.C.; it is responsible for an adequate verification system in the seven agreed zones and throughout all of Nicaragua, as provided under the Sapoa Agreement. It will draw on staff resources, as necessary, from the OAS General Secretariat, the OAS Member States, and the infrastructure established by Cardinal Obando y Bravo in Nicaragua, or elsewhere. The size and nature of the staff will depend on the nature and extent of agreement between parties to the Sapoa Agreement and subsequent accords.

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2. The Verification Commission will verify all aspects of the Sapoa Agreement and any subsequent agreements in the agreed zones and throughout Nicaragua. The Inter-American Human Rights Commission will evaluate the files of candidates for amnesty in accordance with Article 3 of the Sapoa Agreement, for which the Secretary General of the OAS is the guarantor and depository, and will render a report.

3. The Verification Commission will provide for expenses of staff, including travel, housing, food, medicine, and other requirements. It will also provide remuneration for personnel drawn from outside the ranks of the regular staff personnel of the Secretary General and Cardinal after March 23, 1988.

4. The Verification Commission will require transportation by land, air, and occasionally water; telecommunications equipment; office space; storage facilities; maintenance support for equipment; and other support to be determined by the Commission.

C. Specific Program Activities

The Parameters of the program activities to be funded under this Agreement are established by the March 23, 1988 Sapoa Agreement and such other agreements that are, to be concluded by the parties to that Agreement. The ultimate arbiter as to the scope and nature of those activities is the Verification Commission. Under the present Agreement, those activities are expected to include, but not limited to, those listed below, and are subject to change or modification pending further talks among the parties to the March 23, 1988 Sapoa Agreement and the deliberations of the Verification Commission.

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1. Verification of Cease Fire (Article 1): The Commission expects to provide observers as it deems necessary in Managua, in the seven zones established pursuant to the March 23, 1988 Sapoa Agreement and its progeny, and in other sites in Nicaragua if required. Observers would be drawn from the ranks of the General Secretariat and the Cardinal's staff, and would also include specially provided personnel with military experience as determined by the Commission. Transportation of observers may be by land where possible, but helicopters and small boats may be required in several of the zones. The number of observers required in each zone may vary with the terrain, concentration of Resistance forces and troops of the Constitutional Government, and the level of activity in each zone.

2. Verification of Relocation of Resistance Forces in Seven Zones (Article 2): The same observers responsible for monitoring the cease fire may also observe and report on activities connected with the relocation of the Resistance forces in the seven zones, and the redeployment of the forces of the Constitutional Government of Nicaragua out of the zones.

3. Verification of Activities Establishing Zones (Article 2): As permitted by the parties to the Sapoa Agreement, the Commission expects to provide observers from its staff and members working out of Managua to monitor activities related to establishing the zones referenced in the Sapoa Agreement.

4. Facilitating, Monitoring, Guaranteeing, and Serving as a Depository for the Amnesty Process (Article 3): The Inter-American Human Rights Commission ("IAHRC") has already reviewed files of amnesty candidates and may review additional files as provided in the Agreement. Certain IAHRC members and staff may have already traveled between Managua

and other cities for that purpose and may continue to do so as the amnesty effort continues. The OAS Secretary General will monitor activities related to amnesty, and he shall take those efforts he deems necessary to comply with his obligations as a guarantor and depository for the amnesty process pursuant to the Sapoa Agreement.

5. Verification of Delivery of Humanitarian Aid in Nicaragua Through Neutral Organizations in Accordance with Number 5 of the Esquipulas II Agreements (Article 4): The teams of observers responsible for monitoring the cease fire and relocation of Resistance members in the zones, if so determined by the Commission, may be accorded field responsibility for observing deliveries of this aid inside and outside of the zones.

6. Verification of Freedom of Expression in Nicaragua (Article 5): The Commission expects to investigate reports and allegations of violations of freedom of expression "as contemplated in the Esquipulas II Agreements." Such investigations, as to be determined by the Commission, may be carried out with the assistance of field observers where appropriate.

7. Verification of Resistance Participation in the National Dialogue (Article 6): The Commission may provide observers from its staff and members working out of Managua. Where permitted, those observers may attend the talks and otherwise monitor their progress.

8. Verification of the Incorporation of Those Who Have Left the Country Into Political, Social, and Economic Processes (Article 7): From its offices in Managua, The Commission expects to receive and investigate

reports of any alleged violations of the political, social, and economic guarantees provided under Article 7 of the Sapoa Agreement.

9. Verification of Participation in Elections for Central American Parliament, Municipal Elections, and National Elections (Article 8): As to be determined by the Commission, the Commission's Staff in Managua may monitor pre-election activities in Nicaragua. The Commission may also establish a network of observers throughout Nicaragua to verify the implementation of Article 8 of the Sapoa Agreement.

D. Reports

The requirements for reports under the Program are set out in detail in Article III of the Main Agreement, supra.

ATTACHMENT B

AUDIT REQUIREMENTS

1. Each Commission member shall maintain accounting records to document the source and application of the USAID funds he expends under this Agreement. Those records shall comport with generally accepted accounting principles and shall be maintained for three years following final payment.

2. Each Commission member shall have the funds he receives from USAID audited by an independent auditor satisfactory to USAID. The independent auditor used by the Secretary General shall be the Board of External Auditors ("the Board") as provided under the General Standards to Govern the Functioning of the General Secretariat of the Organization of American States, and the funds expended by the Secretary General shall be among those audited by the Board in its annual audit of the accounts of the General Secretariat. The audit reports shall be submitted for review by the USAID Inspector General. If the A.I.D. Inspector General determines that audit coverage is not adequate to verify the source and application of grant funds, a second audit will be made if necessary, by the A.I.D. Inspector General, which meets the requirement for an independent audit.

3. The Parties recognize that on-site verification by independent auditors of the end use of all goods and services purchases and some final disbursements may not be possible under normally accepted audit procedures. Therefore, verification in accordance with generally accepted auditing standards of each member's accountings or other source documents documenting those disbursements shall be deemed adequate verification of disbursement of USAID funds under this Agreement.

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VERIFICATION COMMISSION OF THE SAPOA AGREEMENT  
 COMBINED SUMMARY OF PRELIMINARY COST ESTIMATES

CARDINAL OBANDO Y BRAVO AND  
 THE SECRETARY GENERAL OF THE  
 ORGANIZATION OF AMERICAN STATES

May 13, 1988

	Incurred costs March 23, 1988 to date	Equipment and start-up costs	30 days operating costs
	<u>                    </u>	<u>                    </u>	<u>                    </u>
A. HONORARIA	\$ 40,972		\$ 425,650
Cardinal's Observers			
Cardinal's Advisory Committee			
Cardinal's Washington Office			
Cardinal's Legal Advisors			
Cardinal's Managua Office			
Interamerican Commission of Human Rights Observers			
Managua and Zone Offices Staff			
 B. INTERNATIONAL TRAVEL	 44,884		 273,700
Airfare and per diem			
Cardinal's Representatives			
Commission members			
Observers			
Interamerican Commission of Human Rights and Support Staff			
 C. EQUIPMENT	 746	\$ 981,700	 2,175,800
Local transportation by air and land			
Communications			
Telex, cables and photocopies			
Institutional administrative and technical support			
 D. OTHER VERIFICATION	 627	140,000	
Allowance for contingencies			
Commission and IACHR reports			
 Total	 <u>\$ 87,229</u>	<u>\$ 1,121,700</u>	<u>2,875,150</u>
 Incurred costs			
Equipment and start-up costs			\$ 87,229
1st month operation cost			1,121,700
30 days operation cost		\$ 2,875,150	
Less cost of 2 helicopters		(863,500)	2,011,650
Total:			<u>\$ 3,220,579</u>

VERIFICATION COMMISSION OF THE SAPOA AGREEMENT  
SUMMARY OF PRELIMINARY COST ESTIMATES

CARDINAL OBANDO Y BRAVO  
May 13, 1988

	Incurred costs March 23, 1988 to date	Equipment and start-up costs	30 days operating costs
A. HONORARIA	\$ 39,400		\$ 304,650
Cardinal's Observers			
Cardinal's Advisory Committee			
Cardinal's Washington Office			
Cardinal's Legal Advisors			
Cardinal's Managua Office			
B. INTERNATIONAL TRAVEL	2,673		40,000
Airfare and per diem			
C. EQUIPMENT		\$ 624,300	84,000
Purchases and rentals			
D. OTHER VERIFICATION	471		
Total	\$ 42,544	\$ 624,300	\$ 428,650
Incurred costs			\$ 42,544
Equipment and start-up			624,300
First month operation costs			428,650
Total:			\$ 1,095,494

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VERIFICATION COMMISSION OF THE SAPOA AGREEMENT  
SUMMARY OF PRELIMINARY COST ESTIMATES

THE SECRETARY GENERAL OF THE  
ORGANIZATION OF AMERICAN STATES  
May 13, 1988

	<u>Incurred costs March 23, 1988 to date</u>	<u>Equipment and start-up costs</u>	<u>30 days operating costs</u>
A. HONORARIA	\$ 1,572		\$ 121,000
Interamerican Commission of Human Rights Observers Managua and Zone Office Staff			
B. INTERNATIONAL TRAVEL	42,211		
Airfare and per diem Commission members Observers Interamerican Commission of Human Rights and Support Staff			233,700
C. EQUIPMENT	746	\$ 357,400	2,091,800
Local transportation by air and land Communications Telex, cables and photocopies Institutional administrative and technical support			
D. OTHER VERIFICATION	156	140,000	
Allowance for contingencies Commission and IACHR reports			
Total	<u>\$ 44,685</u>	<u>\$ 497,400</u>	<u>\$ 2,446,500</u>
Incurred costs			\$ 44,685
Equipment and start-up costs			497,400
First month operating cost			
30 days operating costs		\$ 2,446,500	
Less cost of 2 helicopters		(863,500)	1,583,000
1:			\$ 2,125,085

5/11/88

THE SECRETARY GENERAL OF THE  
ORGANIZATION OF AMERICAN STATES

Part I

VERIFICATION COMMISSION SAPOA AGREEMENT  
PRELIMINARY COST ESTIMATES FOR 30 DAYS  
May 09, 1988

A. HONORARIA	\$ 121,000
Interamerican Commission of Human Rights Observers Managua and Zone Office Staff	
B. INTERNATIONAL TRAVEL	233,700
Airfare & Per diem Commission Members Observers Interamerican Commission of Human Rights, & Support Staff	
C. EQUIPMENT	2,449,200
Local Transportation by Air & Land Communications Other Offices and storage Telex, cables & Xerox Institutional administrative & tech. support	
E. OTHER VERIFICATION	140,000
Allowance for contingencies Commission and IACHR reports	
Grand Total:	<u>\$ 2,943,900</u>

5/11/88

THE SECRETARY GENERAL OF THE  
ORGANIZATION OF AMERICAN STATES

VERIFICATION COMMISSION SAPOA AGREEMENT  
REVISED  
PRELIMINARY COST ESTIMATES FOR 30 DAYS

A. HONORARIA

Interamerican Commission of Human Rights (*)	\$ 4,200	
Observers		
5 x 7 zones	78,800	
Managua and Zone Offices		
5 local contracts x 7 zones + Managua office	24,000	
1 Coordinator, 1 Administrative Assistant,		
1 Secretarial Assistant	<u>14,000</u>	
		\$ 121,000

INTERNATIONAL TRAVEL

Airfare

2 Commission Members x 2 missions	\$ 9,600	
5 Observers x 7 zones	84,000	
Interamerican Commission of Human Rights (*)	28,800	
3 Support Staff	<u>7,200</u>	
	<u>\$129,600</u>	

Per diem

2 Commission Members	\$ 1,900	
5 Observers x 7 zones	79,800	
Interamerican Commission of Human Rights (*)	14,100	
3 Support Staff	<u>6,900</u>	
	<u>\$102,700</u>	

Terminal Expenses, for above (*)	\$ 1,400	
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233,700

C. EQUIPMENT

5/11/88

Local Transportation by Air

Helicopters

Cost of flying hour \$870	
\$870 x 15 hrs. x 4 units x 30 days	\$1,566,000
Transport of personnel and equipment to field	18,000
Helicopters personnel salaries	
3 pilots per unit x 4 units x \$6,000	72,000
2 maintenance personnel per unit	
2 x 4 units x \$3,000	24,000
Helicopters personnel per diem	
5 x 4 units x 30 days x \$80	48,000
Air/Ground communication equipment	
\$570 x 30 days	17,100
Fixed wing aircraft	
3 hrs. x 30 days x \$1,200	<u>108,000</u>
	<u>\$1,853,100</u>

Local Transportation by Land

Vehicles

3 Jeeps x 7 zones x \$11,000	\$ 231,000
Vehicle operation, fuel and maintenance	
10 gallons x 21 units x 30 days x \$4	25,200
Repairs and spare parts	<u>2,500</u>
	<u>\$ 258,700</u>

Communications

Mobile radio communication (*)	
22 units x \$ 900	\$ 19,800
Video recording equipment (*)	
9 x \$2,500	22,500
Facsimile communication equipment (*)	
10 x \$ 1,500	<u>15,000</u>
	<u>\$ 57,300</u>

Other

Office Furniture and Equipment	\$ 10,000
8 storage facilities leases x \$1,500 (*)	12,000
Managua office space rental	<u>5,000</u>
	<u>\$ 27,000</u>

E. OTHER

Telex, cables and xerox	\$ 10,000	
Allowance for unforeseeable field events	100,000	
Commission and IACHR reports (*)	40,000	
Institutional Administrative and Technical Support. (*)	<u>243,100</u>	
		<u>393,100</u>

Grand Total:

\$ 2,943,900

Includes total estimated costs of the Inter-American Commission of Human Rights activities as set forth in Article 3 of the Agreement.

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VERIFICATION COMMISSION OF THE SAPOA AGREEMENT  
SUMMARY OF PRELIMINARY COST ESTIMATES

CARDINAL OBANDO Y BRAVO  
May 13, 1988

	Incurred costs March 23, 1988 to date	Equipment and start-up costs	30 days operating costs
	<u>                    </u>	<u>                    </u>	<u>                    </u>
A. HONORARIA	\$ 39,400		\$ 304,650
Cardinal's Observers			
Cardinal's Advisory Committee			
Cardinal's Washington Office			
Cardinal's Legal Advisors			
Cardinal's Managua Office			
 B. INTERNATIONAL TRAVEL	 2,673		 40,000
Airfare and per diem			
 C. EQUIPMENT		 \$ 624,300	 84,000
Purchases and rentals			
D. OTHER VERIFICATION	471		
 Total	 <u>\$ 42,544</u>	 <u>\$ 624,300</u>	 <u>\$ 428,650</u>
 Incurred costs			 \$ 42,544
Equipment and start-up			624,300
First month operation costs			<u>428,650</u>
Total:			<u>\$ 1,095,494</u>

II VIAJES			40,000
2.1 Viajes Int'ls Com. Nic.		20,000	
2.2 Viajes Int'ls Rep. Wash.		10,000	
2.3 Viaticos y Gasots Terminales		<u>10,000</u>	
III MANTENIMIENTO DE OFICINAS/OPERA.			84,000
3.1 Renta en Wash.		6,000	
3.2 Telex, Telf., Mate. Oficina y Transporte		30,000	
3.3 Renta en Nic y Zonas (8x1500)		12,000	
3.4 Telex, Telf., Mate. Oficina Nicaragua		10,000	
3.5 Mantenimiento Vehiculos		25,000	
3.6 Gastos Varíos		1,000	
IV EQUIPOS Y OTROS			624,300
4.1 Washington	21,200		
2 Microcomputadora (4,500 C/U)	<u>9,000</u>		
2 Maquinas de Escribir (1,600x2)	3,200		
1 Fax	1,500		
1 Fotocopiadora	2,500		
Muebles Oficina	5,000		
4.2 Managua y Zonas	<u>603,100</u>		
12 Maquinas de Escribir	19,200		
9 Fotocoiadoras	22,500		
8 Unidades Aire Acondicionado	6,800		
4 Microcomputadoras	18,000		
15 Uni. Muebles de Oficina	22,500		
8 Motogeneradores 8 kva.	128,000		
14 Grabadores y complementos	7,000		
35 Equipos de Montaña	28,000		
7 Unidades de Video Records	17,500		
12 Fax	18,000		
22 Unidades Radios Mobiles	21,600		
12 Camionetas (14,000 C/U)	294,000		

RESUMEN

1. GASTO INICIAL:	624,300		
2. GASTOS DE ABRIL		24,781	
3. GASTOS DE PERSONAL MENSUAL			304,650
4. GASTOS DE MANTENIMIENTO			84,000
5. GASTOS VIAJES			40,000
SUB-TOTAL:	624,300	24,782	428,650
TOTAL			1,077,732

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

February 27, 1990

Ambassador Robert M. Sayre  
Assistant Secretary for Management  
Organization of American States  
17th & Constitution Avenue, N.W.  
Washington, D.C. 20006

Dear Bob:

It is our understanding from our conversations of yesterday, that the Secretary General of the Organization of American States, has an immediate requirement for up to \$500,000 in additional funds under the A.I.D. Grant Agreement dated May 18, 1988. Those funds would be required for activities related to Article 7 of the Sapoa Agreement, which deals with persons who have left the country and now wish to return to become part of the political, economic and social process in Nicaragua.

We understand that the funds are required to support costs of administration, organization, planning and research on behalf of the Organization of American States and its specialized agencies, in regard to the development of procedures and systems for possible reintegration of members of the Nicaraguan Resistance and their families into Nicaraguan society. Those procedures will also, of course, involve an adequate system of protection of resistance members who volunteer for the reintegration.

It is also our understanding that the funds are needed immediately, as costs related hereto have already been incurred, or will be incurred in the next three month period. The funding will remain available to cover costs incurred by your organization through June 30, 1990. It is also our understanding that any interest earned on the outstanding funds advanced will be returned to A.I.D. for remittance to the United States Treasury, and that activities carried out hereunder will be subject to the terms and conditions of the May 18, 1988 grant agreement.

If you are able to confirm in writing the understandings detailed above, we will take prompt action to initiate the advance of funds to your account.



Ted. D. Morse  
Director, TFHA



ORGANIZACION DE LOS ESTADOS AMERICANOS  
ORGANIZAÇÃO DOS ESTADOS AMERICANOS  
ORGANISATION DES ETATS AMERICAINS  
ORGANIZATION OF AMERICAN STATES

ACTION TM  
GEM  
DS  
LTD

17th Street and Constitution Avenue, NW Washington, D.C. 20006

February 27, 1990

Mr. Ted Morse, Director  
Task Force on Humanitarian Aid  
Agency for International Development  
Room 3214, State Department Building  
Washington, DC

Dear Ted:

I have received your letter of the same date regarding the transfer to the Organization of American States of \$500,000 under the agreement of May 18, 1988 to be used by the Organization for carrying out its responsibilities for the repatriation and resettlement in Nicaragua of members of the Nicaraguan Resistance. These responsibilities were envisaged in Article 7 of the Sapoa Agreement and also the subsequent Tela Agreement.

The transfer of these funds, as well as the purposes for which they are to be used, are acceptable to the OAS. As we discussed on the telephone, it is our intention to maintain these and subsequent funds for the same purposes in a separate account to be audited separately in accordance with our Agreement of May 18, 1988.

Mr. McCeney of my staff will work out the necessary arrangements to receive the transfer.

Sincerely,

Robert M. Sayre  
Assistant Secretary for Management

FEB 27 6 22 PM '90

April 19, 1988

Ambassador Robert M. Sayre  
Assistant Secretary for Management  
Organization of American States  
17th Street and Constitution Avenue, N.W.  
Washington, D. C. 20006

Dear Mr. Ambassador:

Thank you for your letters of April 11 and April 14 conveying Secretary General Baena Soares' proposal to support the activities of the Verification Commission established by the Sapoa Agreement between the Government of Nicaragua and the Nicaraguan Democratic Resistance. We appreciate the Secretary General's prompt attention to this matter.

We have looked over the proposal and will want to work out an understanding as soon as possible. I would like to note some of the points we will work to resolve with you and, indeed, have already discussed to some extent.

First, it is important that the proposal for carrying out the verification program be a joint one, agreed to by the Secretary General and Cardinal Obando Bravo, since both were named in the Sapoa Agreement. Thus, we will need a proposal which comes to us jointly from the Cardinal and the Secretary General as the Verification Commission.

Second, the Sapoa Agreement calls on the Commission to verify all aspects of the Agreement, not only the cease-fire provisions. We, therefore, expect that the program which the Verification Commission will develop, and the accompanying budget, will cover the Commission's activities relating to all the commitments, including the democratization and amnesty provisions, under the Sapoa Agreement.

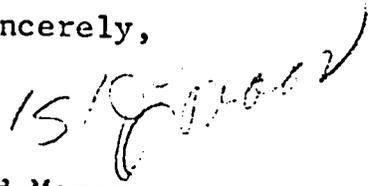
Lastly, we look to the Verification Commission to provide us with its program for its activities under the Sapoa Agreement, as well as an estimated budget. Such a program would, for example, describe the tasks which the Commission intends to accomplish, the timing, and the resources it would draw on, in general terms. While we understand the necessity of the Commission's proceeding to make informal arrangements for the services and goods needed to implement the verification actions, we ask that the Secretary General and the Cardinal not make any binding commitments until funds are made available by A.I.D.

Once we have received your joint proposal, we will look forward to continuing our discussions in order to reach a satisfactory agreement expeditiously. As I noted in our meeting on Thursday, April 14, with the Secretary General we are prepared to consider immediately an advance of funds, perhaps up to \$100,000, to help defray starting costs of Commission activities the Secretary General and the Cardinal jointly deem essential under the Sapoa Agreement.

As I mentioned to the Secretary General on April 14, while the Commission is getting organized, it is necessary that we proceed in the interim to feed very hungry Resistance personnel outside Nicaragua. The situation of many of these people is serious and must be responded to in the spirit of both the Sapoa Agreement and the legislation governing our assistance to the peace process. I can assure the Secretary General and the Cardinal that we are proceeding carefully and in a manner that will to the maximum extent possible provide for impartial verification of any assistance provided.

We hope that the meetings of the Cardinal and the Secretary General were fruitful and succeeded in expediting the work of the Commission.

Sincerely,

  
Ted Morse  
Director  
Task Force on Humanitarian  
Assistance

cc: Cardinal Miguel Obando y Bravo

Clearance:ARA/NCO:ABarr(draft)  
ARA/CEN:RGodard(draft)  
ARA:WWalker(draft)  
USOAS:WPryce(draft)  
TFHA:TMores(draft)

Drafter:TFHA:JLovaas/USOAS:RHines:vlm:Wang 1352G



ORGANIZACION DE LOS ESTADOS AMERICANOS  
ORGANIZAÇÃO DOS ESTADOS AMERICANOS  
ORGANISATION DES ETATS AMERICAINS  
ORGANIZATION OF AMERICAN STATES

17th Street and Constitution Avenue, N.W. Washington, D.C. 20006

April 20, 1988

Dear Mr. <sup>Ted</sup>Morse,

Thank you for your letter of April 19, which has been forwarded to the Secretary General who is now on official visits in South America following his participation in the latest meeting in Managua on implementation of the Sapoa Agreement. I will be responding officially as soon as the Secretary General has had an opportunity to consider the points in your letter.

I should point out in this interim response, however, that the proposals made in my letters of April 11 and 14 cover the second point in your letter. The Secretary General is the guarantor and depository of the Amnesty provisions and a role is assigned to the Inter-American Human Rights Commission. This is the second item in the preliminary budget. With respect to the political provisions of the Agreement, as I noted in my letter of April 14, the proposal specifically notes these duties of the Verification Commission and the entire Sapoa Agreement is incorporated by reference in the OAS proposal. The OAS proposal does not attempt to cover every contingency or define all the duties of the Verification Commission because we believe that would limit the flexibility of the Verification Commission. We are also at a preliminary stage in which the duties have not been fully defined by the parties to the Sapoa Agreement. Nevertheless, as the Secretary General stressed in his meeting with you on April 14, the amnesty provisions are well defined and the OAS is already active in Nicaragua on the implementation of those provisions. The Secretary General is using funds from other OAS activities to implement these provisions of the Agreement, pending receipt of funds from AID.

With respect to the third point in your letter, the Secretary General has asked me to inform you that he does not believe that it would be appropriate for him to submit for AID review the operational plans of the Verification Commission. As he advised you during the meeting of April 14, he will be discussing all of these matters within the Commission. He is also in frequent telephonic communication with

Mr. Ted Morse, Director  
Task Force on Humanitarian Assistance  
Agency for International Development  
21st. Street & Virginia Avenue, N.W.  
Washington, D. C. 20523

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the Cardinal. I forwarded to you on April 19 the Cardinal's suggestions on the preliminary budget and the OAS staff is in the process of comparing the OAS proposal with the suggestions of the Cardinal.

As soon as I have had an opportunity to obtain full guidance from the Secretary General I shall be in communication with you,

Sincerely yours,

A handwritten signature in cursive script, appearing to read "R. Sayre".

Robert M. Sayre  
Assistant Secretary for Management

ORGANIZATION OF AMERICAN STATES  
WASHINGTON, D. C.

THE SECRETARY GENERAL

April 25, 1988

Excellency:

As a member of the Verification Commission, having the responsibility of monitoring and verifying compliance with the accords set out in the March 23, 1988, Sapoá Agreement between the Constitutional Government of Nicaragua and the Nicaraguan Resistance, I wish to state the following regarding the deliveries of assistance by the Agency for International Development ("USAID") to members of the Nicaraguan Resistance during the week of April 17th last, under Joint Resolution H.J.Res.523:

The press reported that USAID has claimed that last week's deliveries were part of the 47.9 million nonlethal aid program authorized under Joint Resolution H.J.Res.523 of the United States Congress. Section 2 of that Resolution states:

"The assistance and support for which this joint resolution provides shall be administered consistent with the Sapoá Agreement. No authority contained in this joint resolution is intended to be exercised in any manner that might be determined by the Verification Commission established by the Sapoá Agreement to be inconsistent with that Agreement or any subsequent agreement between the Government of Nicaragua and the Nicaraguan democratic resistance."

Article 4 of the Sapoá Agreement addresses the issue of humanitarian aid for the members of the Nicaraguan Resistance.

"4.- Con el fin de garantizar los alimentos y suministros básicos para las fuerzas irregulares, se gestionará y aceptará exclusivamente ayuda humanitaria, de conformidad con el numeral 5 de los Acuerdos de Esquipulas II, la que será canalizada a través de organizaciones neutrales."  
(Original version: Spanish)



His Excellency  
George P. Shultz  
Secretary of State of the  
United States  
Washington, D.C.

"4.- In order to guarantee food and basic supplies to the irregular forces, only humanitarian aid shall be sought and accepted, in conformity with Numeral 5 of the Esquipulas II Accords, and it shall be channeled through neutral organizations."

(Unofficial translation)

Numeral 5 of the Esquipulas II Accord states:

"5)- Los Gobiernos de los cinco Estados Centroamericanos solicitarán a los Gobiernos de la región y a los Gobiernos extraregionales que, abierta o veladamente proporcionan ayuda militar, logística, financiera, propagandística, en efectivos humanos, armamentos, municiones y equipos a fuerzas irregulares, o movimientos insurreccionales, que cesen esa ayuda, como un elemento indispensable para lograr la paz estable y duradera en la región.

No queda comprendida en lo anterior la ayuda que se destine a repatriación o, en su defecto, reubicación y asistencia necesaria para la reintegración a la vida normal de aquellas personas que hayan pertenecido a dichos grupos o fuerzas."

(Original version: Spanish)

"5)- The governments of the five Central American States request that governments in the region and governments outside the region that have either overtly or covertly provided military, logistical, financial, and propaganda assistance, troops, arms, munitions, and equipment to the irregular forces or insurrectionists, cease that support, as an essential element for the achievement of a stable and lasting peace in the region.

Assistance which is for the repatriation or, if not applicable, the resettlement of those persons that were members of such groups or forces, and which is necessary for their reintegration into normal life, is not included in the above."

(Unofficial translation)

*Garibol*

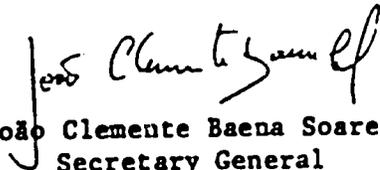
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There is an explicit linkage between the legislation adopted by the Congress of the United States of America, the Sapoá Agreement, the provisions of Esquipulas II and any subsequent agreement between the signatory parties of the Sapoá accord. Any action that deviates from those texts is inconsistent with the foregoing legal provisions and the conditions agreed to by the parties. Any change of these texts can only emanate from the authority that adopted or agreed to them.

I can well understand the human problem posed to the men of the irregular forces in the field, during the peace process, and I am worried by such circumstance. Nonetheless, I cannot share the view that the action taken by USAID falls within the mandates which regulate this matter.

As a member of the Verification Commission, which is the only one created by the parties to the Sapoá Agreement, I cannot be accountable for monitoring actions that are not congruent with the objectives and reasons underlying its conception. Therefore, I must express to you my deep concern about this whole situation.

Accept, Excellency, the assurances of my highest consideration.



João Clemente Baena Soares  
Secretary General  
Member of the Verification Commission  
of the Sapoá Agreement



0015421  
United States Department of State

Assistant Secretary of State  
for Inter-American Affairs

Washington, D.C. 20520

May 4, 1988

Dear Mr. Secretary General:

Thank you for your letter to the Secretary of April 25th.

We understand your unwillingness to be accountable for monitoring the assistance that we are providing at this moment to the men, women, and children of the Nicaraguan Resistance. We see this program as an interim measure until the two sides agree on the details of a program that would facilitate the delivery of assistance to the Resistance wherever they are. As soon as such an agreement is in place, we intend to comply fully with its provisions. As you know, we have taken measures in this interim period to comply in every way possible with the spirit of the accords and have arranged for the Honduran Catholic Church to provide impartial verification services for all of our shipments of supplies to the Resistance.

We share your concern for the human problems of the Resistance during the peace process. We have received reports of shortages of food from Resistance units and their families, some located in very remote areas of Honduras and Nicaragua. There have been food shortages in the Bocay area, for example, that have caused illness among the children of Resistance families. Of equal concern is the possibility that continuing food shortages could precipitate a breakdown of the truce that has stopped the fighting after years of bloodshed.

We shall continue our humanitarian assistance to the Resistance in compliance with the spirit of the Sapoa accords and in consonance with our legislation to provide assistance to the Resistance to support negotiations for a permanent cease-fire. We will not allow the Resistance to be disadvantaged in the negotiations because they lack the supplies necessary to sustain themselves. I am sure you would agree, Mr. Secretary General, that an unequal peace negotiation could be as fragile and as dangerous as an unequal peace.

Sincerely,

Elliott Abrams

Joao Clemente Baena Soares  
Secretary General  
Member of the Verification Commission  
of the Sapoa Agreement

1142

ORGANIZATION OF AMERICAN STATES

WASHINGTON, D. C.

MAY 11 1988

MAY 11 1988

THE SECRETARY GENERAL

May 10, 1988

Dear Mr. Wood

Thank you for your letter of May 5 regarding support for the Verification Commission of the Sapoá Agreement of March 23, 1988.

I had hoped, in response to our draft agreements of April 11 and 14 that we would receive specific draft changes from AID on our proposals. The comments in Mr. Morse's letter of April 19 were very general in character relating to whom may sign on behalf of the Commission, the coverage of the draft agreement, and a program description.

With respect to the first point in Mr. Morse's letter of April 19, the Sapoá Agreement states in Article 9 that "technical assistance and the necessary services for this Commission that would permit and expedite compliance with the follow-up and verification of this Agreement shall be requested from and entrusted to the OAS Secretary General." With such explicit language in the Sapoá Agreement, and my knowledge of the intent of the Parties as a witness of the Agreement, it had not occurred to me that AID would raise questions about my duty to obtain the contribution from the United States. On the second point, my draft proposal incorporated the Sapoá Agreement by reference, and the budget covered all aspects of the Sapoá Agreement, not just the verification in the seven zones. Finally, it was not possible for the Commission and still is not possible, to provide a complete program description as requested. Moreover, I cannot compromise the Commission by agreeing to subject the internal political decisions and operations of the Commission to an audit by AID. Nevertheless, we asked for examples of program descriptions that would help us respond. No examples of cease-fire operations were provided but examples for technical assistance projects were received by Friday, April 29 and a program description fully consistent with those examples was provided on Monday, May 2.

Mr. Alan Woods, Administrator  
Agency for International Development  
21st. & Virginia Avenue  
Washington, D.C.



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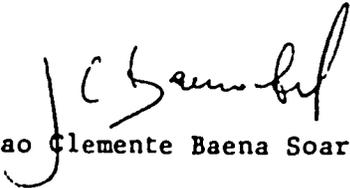
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Mr. Morse did suggest as early as April 14 that AID would be prepared to reimburse the OAS for expenses it had already incurred. He also urged an advance payment for the Cardinal's expenses. The idea of such an agreement was discussed in a meeting of April 21 with AID representatives while I was in Managua, but no draft was available and AID representatives questioned paying the expenses of the Secretary General when he is acting as a "witness" as opposed to when he is "verifying" the Sapoá Agreement. Without an agreement on expenses that AID considered appropriate for reimbursement, it was not possible to conclude an interim arrangement before I returned on April 24. I decided that my obligation under the Sapoá Agreement is to obtain contributions for all the expenses of the Commission, not just those that had already been incurred. I wrote you on April 26 urging that we conclude an overall agreement promptly.

In a meeting on May 6, my representatives met with yours to discuss the program description we had provided. At that meeting, the AID representatives presented for the first time an outline of a program description which, when completed by the Commission, might meet AID requirements. I have prepared a revised program description which will be presented to AID as soon as the Cardinal or his representatives have had an opportunity to review it. I trust that that can be done this week. I share your view on the urgency of this matter.

I should note that the Verification Commission is functioning smoothly and that the OAS has already taken funds from other essential programs to pay expenses of over \$100,000. Mr. Morse has pressed strongly the point you make on the limited funds available, especially in the meeting of April 21. He stressed that the other OAS member states should not expect to rely on the United States on peace-keeping and security issues in this hemisphere as they have in the past. I am surprised at the vigor with which the point is made in view of the treaty obligations of the member states. Ambassador McCormack also underlined the limits on U.S. commitments in a letter of May 7 in which he informed me that the United States would be reducing its contribution in 1988 by 25%. But I do not think that the verification process in Nicaragua or the peace efforts in Central America generally can be limited by this. The obligation of the Commission is to verify the Sapoá Agreement.

Sincerely,

  
Joao Clemente Baena Soares

1681

VERIFICATION COMMISSION  
(CREATED UNDER THE MARCH 23, 1988 SAPOA AGREEMENT)

OAS General Secretariat Building  
1889 F Street, N.W., Sixth Floor  
Washington, D. C. 20006  
Tel. (202) 458-3440

May 13, 1988

Dear Mr. Morse:

Further to your request for clarification on general procurement procedures and procedures for holding title to property to be employed by the Verification Commission created under the March 23, 1988 Sapoa Agreement, we are pleased to advise as follows:

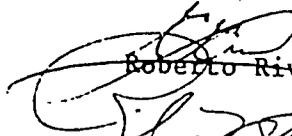
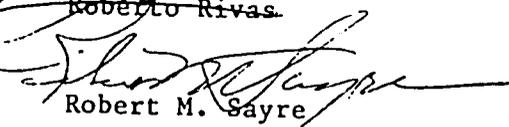
1. The Verification Commission intends to make all major purchases and procurements from normal suppliers of the OAS General Secretariat within the United States. In the event it is necessary to make purchases elsewhere in order to assure timely compliance with the Commission's obligations under the Sapoa Agreement, the Verification Commission shall consult with your or your duly designated agent.
2. Property purchased with USAID funds disbursed to the Secretary General will be held in trust by the General Secretariat of the Organization of American States for the Verification Commission, and in the event the Verification Commission ceases to exist, or no longer requires the use of that property, shall be held by the General Secretariat in trust for USAID until informed by USAID on how USAID wishes to dispose of same.
3. Property purchased with USAID funds disbursed to the Cardinal will be held in trust by the Cardinal for the Verification Commission, and in the event the Verification Commission ceases to exist, or no longer requires the use of that property, shall be held by the Cardinal in trust for USAID until informed by USAID on how USAID wishes to dispose of same.

Mr. Ted D. Morse  
Humanitarian Assistance  
USAID  
Department of State, Rm. 3214  
Washington, D.C.

4. The Verification Commission will enter into agreements with the General Secretariat and the Cardinal, as the case may be, for creating the trust arrangements necessary for holding property in the manner stated above.

5. Under our current understanding of the laws of Nicaragua, the proposed arrangements for holding property in trust are permitted. If in the future those laws change or are interpreted in such a way so as to jeopardize USAID's interest in the property purchased with its funds, we will inform you and attempt to find an alternative means of protecting those interests.

FOR THE VERIFICATION COMMISSION

  
Roberto Rivas  
  
Robert M. Sayre



ORGANIZACION DE LOS ESTADOS AMERICANOS  
ORGANIZAÇÃO DOS ESTADOS AMERICANOS  
ORGANISATION DES ETATS AMERICAINS  
ORGANIZATION OF AMERICAN STATES

17th Street and Constitution Avenue, N.W. Washington, D.C. 20006

May 13, 1988

Dear Mr. Morse,

As you requested, we are pleased to set forth below how we understand the financial arrangement between the Secretary General, Cardinal Obando y Bravo and USAID under the cooperation Agreement will be handled.

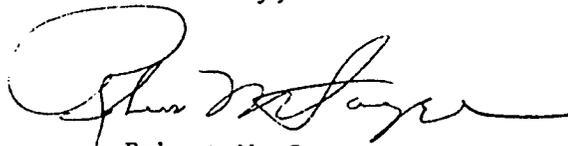
- a) all disbursement by USAID will be made to the OAS Treasurer,
- b) the amount of each periodic payment shall reimburse each member of the Verification Commission for all expenses incurred (and not covered by prior advances) in carrying out the Program for the thirty day period covered by the payment, and shall include an advance of those funds which are necessary, in accordance with the best estimates presented by the Commission to USAID, to sustain in Program activities for the succeeding thirty-day period. Each member of the Commission shall submit to USAID a Public Voucher for Purchases and Services Other Than Personal ("SF 1034") for the amount requested under each periodic payment, and the SF1034s so submitted shall indicate the amounts requested for reimbursement and those amounts requested as an advance based on the above-referenced estimates. On the basis of its review of each SF 1034, USAID may adjust the amount to be disbursed under the corresponding payment to reflect the cash requirements of each Commission member.
- c) based on the accountings and SF1034s as required above, USAID shall designate to the OAS Treasurer those amounts in each payment that are to be distributed to the Cardinal, and upon receipt of each such payment, the OAS Treasurer shall disburse that amount immediately to the Cardinal or the Cardinal's duly designated representative.

Mr. Ted Morse, Director  
Task Force for Humanitarian Affairs  
Agency for International Development  
21st. Street & Virginia Avenue, N. W.  
Washington, D. C.

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If we can be of any further assistance to you in this matter,  
please let me know.

Sincerely,

A handwritten signature in cursive script, appearing to read "Robert M. Sayre". The signature is written in black ink and is positioned above the printed name.

Robert M. Sayre  
Assistant Secretary for Management

Info: Bob

FILE: LAC/TFHA

ORGANIZATION OF AMERICAN STATES

WASHINGTON, D. C.

mc

ACTION: A/AID (Ted Morse)  
as approp.

INFO: Woods/Reading,  
Kimberly - direct  
AA/LAC, D/LEG

THE SECRETARY GENERAL

May 23, 1988

Dear Mr. Woods:

I acknowledge receipt of your letter of May 18 in which you informed me of the signing by your representative of the agreement to provide a contribution in accordance with U.S. legislation for the work of the Verification Commission under the Sapoa Agreement of March 23, 1988. I understand that you released this letter to the press on May 18.

I appreciate your reference to members of my staff, especially Ambassador Robert M. Sayre, an outstanding diplomat whose work I respect and trust and who has represented me in the discussions with AID on the U. S. contribution to the Verification Commission.

It is my understanding of the legislation approved by the United States Congress that the agreement between the Verification Commission and your Agency related to a financial contribution by the United States to the work of the Commission as provided for in the Sapoa Agreement. Throughout the discussions for this contribution, I considered that I was bound by the commitments of the parties to the Sapoa Agreement and that I could not either diminish or expand the obligations of the Commission. I was particularly concerned that I not undertake political commitments in the context of a contribution for administrative support, or that I impair the neutrality of the Verification Commission, or the long term role of the Organization of American States in its peacekeeping responsibilities within this Hemisphere.

On the other hand, throughout the period since the Agreement reached at Sapoa on March 23, 1988, I have been very conscious of all of the obligations I undertook personally as a member of the Verification Commission, and I have discussed those obligations with Cardinal Miguel Obando y Bravo and with his representatives in Washington.

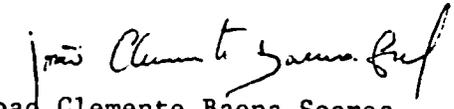
Mr. Alan Woods, Administrator  
Agency for International Development  
21st. & Virginia Avenue  
Washington, D.C.

5587

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I take note of the administrative points on the final page of your letter. The OAS, and AID and its predecessors, have been partners in the economic development of this Hemisphere for some four decades. In that time we have worked closely and effectively together on audit matters as well as on economic development projects generally. It had thus been my hope that the OAS would have been able to assist AID in the complete audit of the administrative support of the Verification Commission and that was our initial understanding with the Cardinal's representatives. It is now my understanding that AID will be solely responsible for the audit of that portion of the U.S. contribution to the Verification Commission expended by Cardinal Obando y Bravo.

Sincerely,

  
Joao Clemente Baena Soares

Blind delivered 12/14 a.m.  
S.S. 12-14-CL

Washington, december 13, 1988

Mr.  
John L. Lovaas  
Agency for International Development  
(A.I.D.)  
Washington, D.C.

Action JL  
CC 774  
~~RM~~  
LT  
DS

Dear Mr. Lovaas:

The Verification Commission is at the present time engaged in negotiating an agreement with the Nicaraguan Government in relation to their property and personnel located in Nicaragua. Nevertheless, we consider practical for us to be able to deal with the possible circumstances arising from the lack of agreement between the parties on the matter, as well as with the eventual case of a reduction in the amount of duties of the Commission. Thus, we are trying to foresee the utilization of the vehicles and power plants already purchased, and that are at moment in Nicaragua.

In the first case, we believe it will be necessary to sell all of them or, in the second, just part of the equipment. In either contingency, we request the authorization from the Agency of International Development to initiate the necessary steps to offer this equipment for sale, according to the case.

Following conversation with the dealers and suppliers, it would be quite possible to transfer those vehicles and plants for a price which in no case would include a discount higher of 10% of the price of the purchase. In case to obtain the Agency's approval, we will inform you about each transfer, indicating the details of the transaction. The dealers and suppliers have agreed to reimburse the money of the sales from Panama City, Panama (where the suppliers' offices are located) to the Commission's banking account.

The authorization would cover the following vehicles and power plants:

1. a)- Fifteen (15) vehicles TOYOTA, 1988, Model LN65L-MRP, with the series numbers LN65-0073534, LN65-0073159, LN65-0073066, LN65-0073525, LN65-0073015, LN65-0073084, LN65-0073158, LN65-0073253, LN65-0072926, LN65-0070354, LN65-0070463, LN65-0070191, LN65-0070396, LN65-0070395, and LN65-0070464.

They have a price of US \$ 14, 108.00 (Fourteen thousand, one hundred eight Dollars) each, for a total of US \$ 211, 620.00 (Two hundred eleven thousand, six hundred twenty Dollars).

.../...

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b)- One (1) vehicle TOYOTA, 1988, Model HJ60LG-MN, with the series numbers HJ60-042035. It has a price of US \$ 22,601.00 (Twenty-two thousand, six hundred one Dollars).

All these vehicles were purchased to "Mitsui & Co. (Panama International), S.A.," in Panama City, through "F. Alf Pellas y Cia." in Managua, and they are currently held at the "Almacén Fiscal-Casa Pellas," in Managua.

2. a)- One (1) vehicle ISUZU, 1988, Model TFS54H-MD, with the series numbers 7100055. It has the price of US \$ 15,250.00 (Fifteen thousand, two hundred fifty Dollars).

b)- One (1) vehicle ISUZU "Trooper," 1988, Model UBS55F-M21, with series numbers 7102953. It has a price of US \$ 19,500.00 (Nineteen thousand, five hundred Dollars).

These vehicles were purchased to "Hit Japan Ltd." in Japan, through "S.A.M.S.A." in Managua. They are currently held at "Mantica Automóviles" in Managua.

3. One (1) vehicle MITSUBISHI "Montero Wagon," 1988, Model LO49GVNSL, with series numbers DLO49VJJ400698. It has a price of US \$ 21, 750.00 (Twenty-one thousand, seven hundred fifty Dollars).

This vehicle was purchased to "Overseas Sales Development Corp." in Panama City through "Minicar, S.A." in Managua, and it is currently held at "Almacén Casa Cross" in Managua.

4. a)- Two (2) Diesel power plants "YANMAR," Model YGD24T, 19.2 KW, with a price of US \$ 9,973.33 (Nine thousand nine hundred seventy three Dollars and 33/00) each, for a total of US \$ 19,946.66 (Nineteen thousand nine hundred forty six Dollars and 66/00).

b)- Three (3) Diesel power plants "YANMAR," Model YGD17T, 13.6 KW, with a price of US \$ 8,916.06 (Eight thousand nine hundred sixteen Dollars and 06/00) each, for a total of US \$ 26,748.18 (Twenty-six thousand seven hundred forty-eight Dollars and 18/00).

c)- Six (6) Diesel power plants "YANMAR," Model YGD13T, 10 KW, with a price of US \$ 5,758.06 (Five thousand seven hundred fifty eight Dollars and 06/00) each, for a total of US \$ 34, 548.36 (Thirty-four thousand five hundred forty eight Dollars and 36/00).

d)- Three (3) Diesel power plants "YANMAR," Model YGD90T, 7.2 KW, with a price of US \$ 5,614.12 (Five thousand six hundred fourteen Dollars and 12/00) each, for a total of US \$ 16, 842.36 (Sixteen thousand, eight hundred forty-two Dollars and 36/00).

e)- Two (2) Diesel power plants "YANMAR," Model YGD70T, 5.6 KW, with a price of US \$ 4,953.97 (Four thousand nine hundred fifty three Dollars and 97/00) each, for a total of US \$ 9,907.94 (Nine thousand nine hundred seven Dollars and 94/00).

f)- One (1) Diesel power plant "F.G. WILSON," Model P85, 100KW, with a price of US \$ 14, 175.00 (Fourteen thousand one hundred seventy five Dollars).

These power plants were purchased to "Overseas Sales Development Corp." in Panama City, through "Selim Shible" in Managua. They are currently held at the customs offices in Managua.

Sincerely yours,



Roberto Rivas

Washington Representative  
Cardinal Obando y Bravo



ORGANIZACION DE LOS ESTADOS AMERICANOS  
ORGANIZAÇÃO DOS ESTADOS AMERICANOS  
ORGANISATION DES ETATS AMERICAINS  
ORGANIZATION OF AMERICAN STATES

17th Street and Constitution Avenue, NW Washington, D.C. 20006

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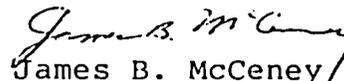
Action; Linda  
cc (RM)  
TM  
JL

January 31, 1989

Dear Mr. Morse:

Enclosed is a check in the amount of \$13,247.96 which represents interest earned by the General Secretariat for the month of December, 1988, on the advance of funds made by USAID under the Cooperative Agreement with the Verification Commission of the Sapoa Agreement.

Yours very truly,

  
James B. McCeney  
Treasurer

Enc.

cc: Mr. R. M. Sayre

Mr. Ted Morse, Director  
Task Force for Humanitarian Affairs  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
Twenty-first Street & Virginia Avenue, N.W.  
Washington, D. C.

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ORGANIZACION DE LOS ESTADOS AMERICANOS  
ORGANIZAÇÃO DOS ESTADOS AMERICANOS  
ORGANISATION DES ETATS AMERICAINS  
ORGANIZATION OF AMERICAN STATES

17th Street and Constitution Avenue, NW Washington, DC 20006

September 20, 1989

Mr. Ted Morse, Director  
Task Force on Humanitarian Aid  
Agency For International Development  
Washington, DC 20523

Dear Ted:

In response to your request, as well as a similar one from the United States Mission to the OAS, and based on actual experience in Nicaragua since the first week in August, a revised budget for the OAS electoral observation in Nicaragua is enclosed. The overall estimate for the period August 1989-March 1990 is \$3.7 million.

As I have discussed with both you and the Department of State, the Organization of American States is performing under the Tesoro Beach Agreement, and the exchange of letters with the Department of State of August 14, 1989, the same function it was intended that the OAS perform under our Agreement of May 13, 1988. The precise mechanism for observing elections has changed somewhat, although even under the Sapoa Verification Commission it was contemplated that the Secretary General would have sole responsibility for certain functions. As you have noted to me several times, the agreement of May 13, 1988 is still in effect and has specific provisions in its on observation of elections as well as other functions related to subsequent agreements of the Central American governments. Based on our meeting on September 19, it is my understanding that AID considers that the funds appropriated for the Sapoa Agreement may be used to carry out the same functions under the Tesoro Beach and other agreements.

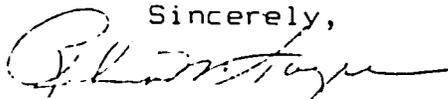
The bottom line for the Organization of American States is that, if it is to perform the functions that it agreed to perform under the Sapoa Agreement, and now under the Tesoro Beach Agreement, we estimate that we will need at least \$2.0 million more than the United States pledged to provide under the agreement of August 14, 1989.

We are planning, as agreed in our meeting on September 19, to use the equipment purchased to carry out the Sapoa Agreement because it is needed urgently for election observations. The major items are the vehicles that are now stored at a U. S. military base in Panama and communications equipment.

We will be providing information on expenditures under the agreement with the Department of State of August 14, 1989. Based on our current rate of expenditure and anticipated expenditures in October for the observation of voter registration, we expect that the funds available from the Department of State will be expended by November 1 and that we will need an advance of \$1,000,000 from AID at that time to carry us through 1989.

And if the OAS is to perform responsibilities under the successor Verification Commission created by the Tela Agreement (CIAV) which it was expected to perform under the Sapoa Agreement, the requirements will be significantly larger than outlined in the budget attached on election observations. We expect to provide promptly a further budget estimate for OAS participation in CIAV. In the meantime, I want to respond immediately to the request for a revised budget estimate on election observation. Your comments in our meeting on September 19 on certain items that did not appear to be adequately identified or covered in the draft budget provided informally last week were appreciated and are reflected in the estimates attached.

Sincerely,



Assistant Secretary for Management

OFFICIAL

TFHA: OAS



ORGANIZACION DE LOS ESTADOS AMERICANOS  
ORGANIZAÇÃO DOS ESTADOS AMERICANOS  
ORGANISATION DES ETATS AMERICAINS  
ORGANIZATION OF AMERICAN STATES

1/11/89: TED

cc: DS  
LTD  
RM

17th Street and Constitution Avenue, NW Washington, D.C. 20006

TRE.VAR

MAN/TRE/168-89

October 31, 1989

Dear Mr. Morse:

Enclosed please find the Financial Statements of the Verification Commission of the Sapoa Agreement as of September 30, 1989, as follows:

- Statement of Assets, Liabilities and Fund Balances
- Statement of Changes in Fund Balance
- List of Obligations and Expenditures
- Advance of Fund Summary and SF1034-Public Voucher

With respect to your letter of October 10th in which you note that you had not received the June 30, 1989 financial statements, I would like you to know that we mailed those statements to you on August 7, 1989.

Recalling your earlier comments about problems with your internal mail service, I recommend that we return to our prior practice of delivering the report by messenger to US/OAS so that they can hand carry them to your Office.

Should you need additional information, please do not hesitate to let me know.

Yours very truly,

James B. McCeney  
Treasurer

Enc.

Mr. Ted Morse, Director  
Task Force for Humanitarian Affairs  
**AGENCY FOR INTERNATIONAL DEVELOPMENT**  
Twenty-first Street & Virginia Avenue, NW  
Washington, D. C. 20523-0021

1771

ORGANIZATION OF AMERICAN STATES  
 -----  
 SAPOA VERIFICATION COMMISSION FUND

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE  
 AS OF SEPTEMBER 30, 1989

Assets	
-----	
Cash and Equity in OAS Treasury Fund	\$ 16,654
Accounts Receivable	6,005,061
Allowance for Accounts Receivable	(6,005,061)
Other Assets	
	-----
	\$ 16,654
	=====
Liabilities and Fund Balance	
-----	
Unliquidated Obligations	3,287
Other Liabilities	7,484
Fund Balance	5,883
	-----
	\$ 16,654
	=====

STATEMENT OF CHANGES IN FUND BALANCE  
 -----  
 FROM INCEPTION MARCH 23, 1988 TO SEPTEMBER 30, 1989  
 -----

	Quarter July-Sept. 1989	Previous Report	Inception March 23-89 to Sep.30-89
	-----	-----	-----
<b>Increases</b>			
US-AID Contribution	\$	\$3,994,939	\$ 3,994,939
Interest Income	444	106,757	107,201
	-----	-----	-----
	444	4,101,696	4,102,140
	-----	-----	-----
<b>Decreases</b>			
Obligations and expenditures			
Honoraria		\$ 21,791	\$ 21,791
International Travel		118,375	118,375
Equipment	(9,884)	202,942	193,058
Other verification	4,346	32,048	36,394
	-----	-----	-----
	(5,538)	375,156	369,618
Transfers and Returns			
Cardinal Obando y Bravo		1,869,854	1,869,854
Principal to U.S.	0	1,754,498	1,754,498
Interest to U.S.	(0)	102,287	102,287
	-----	-----	-----
	(5,538)	4,101,795	4,096,257
	-----	-----	-----
Fund Balance	\$ 5,982	\$ (99)	\$ 5,883
	=====	=====	=====

SECRETARY GENERAL OF THE ORGANIZATION OF AMERICAN STATES

OBLIGATIONS AND EXPENDITURES  
INCEPTION (MARCH 23, 1988) TO SEPTEMBER 30, 1989

	<u>Obligations</u>	<u>Expenditures</u>
A. HONORARIA		
Inter American Commission of Human Rights		
Marco Bruni	300	300
Oliver Jackman	300	300
John Stevenson	300	300
Patrick Lipton	200	200
Leo Valladares	300	300
Elsa Kelly	300	300
Iddete Swetye (interpreter)	840	840
Eva Desrosiers (interpreter)	840	840
Leonard Carlson (interpreter)	638	638
Maria Sanchez (interpreter)	55	55
Secretarial support (overtime)	746	746
	<u>4,819</u>	<u>4,819</u>
Support of the Secretary General		
Olgo Santana	12,450	12,450
Abelardo Freitas	4,160	4,160
Secretarial support (overtime)	362	362
	<u>16,972</u>	<u>16,972</u>
Subtotal honoraria:	<u>21,791</u>	<u>21,791</u>

INTERNATIONAL TRAVEL (Airfare, per diem and terminal expenses)

Inter American Commission of Human Rights		
David Padilla	2,010	2,010
Christina Cerna	1,853	1,853
Bertha Santoscoy	2,013	2,013
Oliver Jackman	764	715
Edmundo Vargas Carreno	1,390	1,390
Gabriela Restrepo	1,846	1,846
David Padilla	384	384
Bertha Santoscoy	482	482
Oliver Jackman	563	612
Valladares Lanza	1,197	1,197
Patrick Lipton	1,009	1,009
Marco Bruni	602	602
Marco Bruni	1,042	771
Elsa Kelly	1,479	1,479
Gloria Sakamoto	2,772	2,772
Alberto Tolosa	1,845	1,845
Manuel Velasco	1,721	1,721
Luis Jimenez	1,218	462
Diana Decker	2,495	2,495
Jose Vivanco	3,466	3,466
Luis Jimenez	657	1,413
Insurance	45	
	<u>30,853</u>	<u>30,537</u>

	<u>Obligations</u>	<u>Expenditures</u>
Support of the Secretary General		
Harry Belevan McBride	1,972	1,972
Olgo Santana	18,356	18,357
Mario Gonzalez Vargas	19,913	19,913
Joaquin Daly	18,909	18,910
Abelardo Freitas	5,788	5,788
Javier Goldin	4,314	4,314
Eduardo Fabara	1,693	1,878
Ismael Zamudio	11,059	11,059
Armando Schunk	1,959	1,959
Lyta Penaloza	3,159	3,159
Health insurance	400	400
	<u>87,521</u>	<u>87,709</u>
Subtotal international travel:	<u>118,375</u>	<u>118,246</u>
C. EQUIPMENT (Local transportation)		
Inter American Commission of Human Rights		
Rent of car (includes gas and driver)	1,182	1,182
Supplies	52	52
	<u>1,234</u>	<u>1,234</u>
Support of the Secretary General		
Toyota trucks (6)	68,251	68,299
Gas tanks	350	350
Gas and car maintenance	751	807
Radio communications system	56,031	56,031
Office equipment	1,411	1,411
Maintenance office equipment	1,888	1,619
Generator	6,469	6,469
Fabrics for arm bands, flags and supplies	5,411	5,411
Supplies for field teams	652	652
Fax equipment and instalation	2,348	2,348
Rent of car (includes gas and driver)	657	657
Telephone communications	11,879	11,650
Mail	100	45
Photocopies	1,416	916
Office supplies	1,633	1,458
Vaccines	364	364
Copier and supplies	4,479	4,479
Transcriber, tapes and supplies	903	903
Communications equipment	16,543	16,358
Wireless microphones	3,112	3,112
Photo Camera and supplies	1,505	1,505
ID Camera system	2,383	2,383
Customs expenses	500	
Utilities	100	
Insurance	1,322	415
Freight of equipment	1,367	1,024
	<u>191,824</u>	<u>188,666</u>
Subtotal equipment:	<u>193,058</u>	<u>189,900</u>
D. OTHER VERIFICATION		
Administrative Support	32,894	32,894
Audit of account by external auditors	3,500	3,500
	<u>369,618</u>	<u>366,331</u>
TOTAL:	<u>369,618</u>	<u>366,331</u>

**COOPERATIVE AGREEMENT BETWEEN**  
**VERIFICATION COMMISSION**  
 (CREATED UNDER THE MARCH 23, 1988 SAPOA AGREEMENT)  
**AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA**  
THROUGH  
**THE AGENCY FOR INTERNATIONAL DEVELOPMENT**  
**(USAID)**

Accounting of the Secretary General of the  
Organization of American States\*  
 (Pursuant to article 3.3 a & b of the Cooperative Agreement)

**ADVANCE OF FUNDS SUMMARY**

From July 1, 1989 through September 30, 1989

1. Outstanding advance carried forward from last report	\$ 15,137
2. Plus Treasury checks received during period	-0-
3. Plus interest earned	<u>444</u>
4. Sub-total	\$ 15,581
5. Minus expenditures during period	6,406
6. (a) Minus interest remitted to AID	
(b) Minus advances remitted to AID	<u>          </u>
7. Outstanding advance at end of period	9,175
8. Estimated expenditures for next period	\$ 9,175
9. Amount requested (amount carried forward to SF 1034-line 8 minus line 7)	NONE

\* This report excludes \$1,869,854 received by the Treasurer of the OAS on behalf of the Commission from USAID and, at USAID's direction, disbursed by the Treasurer to Cardinal Obando y Bravo who reports separately to USAID pursuant to Article 3.3a & 3.3c of the Cooperative Agreement.

**CERTIFICATION**

I certify to the best of my knowledge and belief that this report is correct and complete and that all expenditures are for the purposes set forth in the cooperative agreement.

  
 Robert M. Sayre  
 Assistant Secretary for Management

Date: October 31, 1989

Standard Form 1034 September 1973 4 Treasury FRM 2000		PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL				VOUCHER NO.	
U.S. DEPARTMENT, BUREAU, OR ESTABLISHMENT AND LOCATION Agency for International Development T.F.H.A., Room 3214 NS Washington, D.C. 20522			DATE VOUCHER PREPARED Oct. 26, 1989		SCHEDULE NO.		
			CONTRACT NUMBER AND DATE Cooperative Agreement		PAID BY		
REQUISITION NUMBER AND DATE							
PAYEE'S NAME      Treasurer AND        Organization of American States ADDRESS    17th Street and Constitution Avenue, N.W., Washington, D. C. 20006			DATE INVOICE RECEIVED				
			DISCOUNT TERMS				
			PAYEE'S ACCOUNT NUMBER				
			GOVERNMENT B/L NUMBER				
SHIPPED FROM		TO		WEIGHT			
NUMBER AND DATE OF ORDER	DATE OF DELIVERY OR SERVICE	ARTICLES OR SERVICES <small>(Enter description, item number of contract or Federal supply schedule, and other information deemed necessary)</small>	QUAN-TITY	UNIT PRICE		AMOUNT <span style="float:right">(1)</span>	
				COST	PER		
		Advance liquidation				6,406	
(Use continuation sheet(s) if necessary)      (Payee must NOT use the space below) <b>TOTAL</b> (							
PAYMENT:		APPROVED FOR		EXCHANGE RATE		DIFFERENCES	
<input type="checkbox"/> COMPLETE <input type="checkbox"/> PARTIAL <input type="checkbox"/> FINAL <input type="checkbox"/> PROGRESS <input type="checkbox"/> ADVANCE		= \$		= \$ 1.00			
		BY:					
		TITLE		Amount verified; correct for			
				(Signature or initials)			
Pursuant to authority vested in me, I certify that this voucher is correct and proper for payment.							
		(Date)		(Authorized Certifying Officer)		(Title)	
ACCOUNTING CLASSIFICATION							
PAID BY	CHECK NUMBER      ON TREASURER OF THE UNITED STATES			CHECK NUMBER      ON (Name of bank)			
	CASH      DATE			PAYEE'S			
\$						PER	
1 When stated in foreign currency, insert name of currency. 2 If the ability to certify and authority to approve are combined in one person, one signature only is necessary; otherwise the approving officer will sign in the space provided, over his official title. 3 When a voucher is receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary", or "Treasurer", as the case may be.						TITLE	

File: OAS

ACTION: TMJ  
cc: RDC  
LTD  
DS



ORGANIZACION DE LOS ESTADOS AMERICANOS  
ORGANIZAÇÃO DOS ESTADOS AMERICANOS  
ORGANISATION DES ETATS AMERICAINS  
ORGANIZATION OF AMERICAN STATES

17th Street and Constitution Avenue, N.W. Washington, D.C. 20006

December 1, 1989

Dear Ted:

I provided to you on September 20 the OAS budget estimate for the OAS electoral observation in Nicaragua for the period August 1989 to March 1990.

Enclosed is a revised budget reflecting actual cost through November 30 and a revised estimate of expenditures for December 1989 to March 1990. Although the election is scheduled for February 25, 1990, the OAS will of course have to continue functioning in Nicaragua for another ten days to two weeks terminating its operations. The only significant change in our budget estimate is for civil observers from the election commissions of the member states. The interest in and participation of these electoral commissions has increased in response to the efforts of the Organization of American States to get them involved, and we believe that the participation will be higher than we budgeted. It was less than we had budgeted for the registration period.

The costs shown on the enclosed revision as of November 30 are \$1,168,000. Accordingly, we expect that the \$1.5 million provided through the Department of State will be committed on or about December 20.

In accordance with our previous understandings, I should appreciate it if you could transfer to the Treasurer of the Organization of American States the proposed funding from AID of \$2 million to cover expenditures from December 20, 1989 through the election campaign, election and close-out period.

Sincerely,

Robert M. Sayre

Assistant Secretary for Management

Mr. Ted Morse, Director  
Task Force for Humanitarian Affairs  
Agency for International Development  
Twenty-first Street & Virginia Avenue, N.W.  
Washington, D.C.

ELENIC4  
12/01/89

OBSERVATION OF THE ELECTORAL PROCESS IN NICARAGUA

OAS INFRASTRUCTURE IN NICARAGUA AND STAFF MEMBERS PARTICIPATION  
EXTERNAL CIVIL OBSERVERS PARTICIPATION

ACTUAL AND PROJECTED COSTS -AUGUST,1989 THRU MARCH, 1990

DESCRIPTION	ACTUAL AUG.-NOV. 1989	PROJECTED DEC. 1989 MAR.1990	TOTAL
A. OAS STAFF PARTICIPATION			
TRAVEL	496,382	633,918	1,130,300
B. OAS INFRASTRUCTURE IN NICARAGUA	567,621	571,279	1,138,900
TOTAL OAS PARTICIPATION (A+B)	1,064,003	1,205,197	2,269,200
C. EXTERNAL CIVIL OBSERVERS	104,005	1,310,495	1,414,500
TOTAL	1,168,008	2,515,692	3,683,700

ELENIC4  
12/01/89

OBSERVATION OF THE ELECTORAL PROCESS IN NICARAGUA

OAS INFRASTRUCTURE IN NICARAGUA AND STAFF MEMBERS PARTICIPATION  
EXTERNAL CIVIL OBSERVERS PARTICIPATION  
ACTUAL AND PROJECTED COSTS -AUGUST,1989 THRU MARCH, 1990  
BY OBJECT OF EXPENSE

OBJECT OF EXPENSE	ACTUAL AUG.-NOV. 1989	PROJECTED DEC. 1989 MAR.1990	TOTAL
2. OVERTIME	585	588	1,173
4. TRAVEL	500,387	1,944,413	2,544,800
5. PRINTING DOCUMENTS	1,958	1,971	3,929
6. EQUIPMENT AND SUPPLIES	432,136	434,920	867,056
7. RENTAL BUILDINGS	18,817	18,938	37,755
8. CONTRACT SERVICES	75,987	76,477	152,464
9. OTHER COSTS	38,139	38,384	76,523
TOTAL	1,168,009	2,515,691	3,683,700



ORGANIZACION DE LOS ESTADOS AMERICANOS  
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ORGANISATION DES ETATS AMERICAINS  
ORGANIZATION OF AMERICAN STATES

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17th Street and Constitution Avenue, NW Washington, D.C. 20006

February 27, 1990

Mr. Ted Morse, Director  
Task Force on Humanitarian Aid  
Agency for International Development  
Room 3214, State Department Building  
Washington, DC

Dear Ted:

I have received your letter of the same date regarding the transfer to the Organization of American States of \$500,000 under the agreement of May 18, 1988 to be used by the Organization for carrying out its responsibilities for the repatriation and resettlement in Nicaragua of members of the Nicaraguan Resistance. These responsibilities were envisaged in Article 7 of the Sapoa Agreement and also the subsequent Tela Agreement.

The transfer of these funds, as well as the purposes for which they are to be used, are acceptable to the OAS. As we discussed on the telephone, it is our intention to maintain these and subsequent funds for the same purposes in a separate account to be audited separately in accordance with our Agreement of May 18, 1988.

Mr. McCeney of my staff will work out the necessary arrangements to receive the transfer.

Sincerely,

Robert M. Sayre  
Assistant Secretary for Management

FEB 27 6 22 PM '90

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

February 27, 1990

Ambassador Robert M. Sayre  
Assistant Secretary for Management  
Organization of American States  
17th & Constitution Avenue, N.W.  
Washington, D.C. 20006

Dear Bob:

It is our understanding from our conversations of yesterday, that the Secretary General of the Organization of American States, has an immediate requirement for up to \$500,000 in additional funds under the A.I.D. Grant Agreement dated May 18, 1988. Those funds would be required for activities related to Article 7 of the Sapoa Agreement, which deals with persons who have left the country and now wish to return to become part of the political, economic and social process in Nicaragua.

We understand that the funds are required to support costs of administration, organization, planning and research on behalf of the Organization of American States and its specialized agencies, in regard to the development of procedures and systems for possible reintegration of members of the Nicaraguan Resistance and their families into Nicaraguan society. Those procedures will also, of course, involve an adequate system of protection of resistance members who volunteer for the reintegration.

It is also our understanding that the funds are needed immediately, as costs related hereto have already been incurred, or will be incurred in the next three month period. The funding will remain available to cover costs incurred by your organization through June 30, 1990. It is also our understanding that any interest earned on the outstanding funds advanced will be returned to A.I.D. for remittance to the United States Treasury, and that activities carried out hereunder will be subject to the terms and conditions of the May 18, 1988 grant agreement.

If you are able to confirm in writing the understandings detailed above, we will take prompt action to initiate the advance of funds to your account.

A handwritten signature in cursive script, appearing to read "Ted D. Morse".

Ted. D. Morse  
Director, TFHA



ORGANIZACION DE LOS ESTADOS AMERICANOS  
ORGANIZAÇÃO DOS ESTADOS AMERICANOS  
ORGANISATION DES ETATS AMERICAINS  
ORGANIZATION OF AMERICAN STATES

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17th Street and Constitution Avenue, NW Washington, DC 20006

March 1, 1990

Dear Ted:

You asked me on February 27 when we discussed funding for the International Commission on Support and Verification (CIAV) if I could provide current figures on the expenditures by the OAS for election observation in Nicaragua. The program Director and the Administrative Coordinator for OAS Election Observation are both in Managua. I can only provide you with recorded information at headquarters which I am not certain will suffice for your needs.

According to information we have here, the OAS had spent some \$1.3 million on election observation as of December 31, 1989. At that time we were receiving funding from the Department of State. We had also received a contribution from Finland of \$100,000. The Department of State had provided the OAS with \$1 million, and with the funds from Finland, the election account was in debt to the Regular Fund \$200,000. In other words, for the first five months of election observation, we had spent \$1.3 million. Very soon thereafter, the State Department paid the final \$500,000 on its agreement and the money borrowed from our Regular Fund was replaced.

Our records show that as of February 28 all of the \$2 million advanced by USAID had been obligated. We have paid out some \$1 million of that and are awaiting vouchers from the Election Observers before we actually disburse the remainder.

In sum, according to our records at headquarters, all \$3.5 million was obligated, \$2.5 million has actually been disbursed, and we are expecting bills slightly in excess of \$1 million which will take all the cash we have on hand.

I trust that this will answer your query. As soon as we receive the actual accounting vouchers we will of course, in accordance with our agreement, make an accounting to USAID.

Sincerely,

Robert M. Sayre  
Assistant Secretary for Management



ORGANIZACION DE LOS ESTADOS AMERICANOS  
ORGANIZAÇÃO DOS ESTADOS AMERICANOS  
ORGANISATION DES ETATS AMERICAINS  
ORGANIZATION OF AMERICAN STATES

17th Street and Constitution Avenue, NW Washington, D.C. 20006  
March 21, 1990

Dear Ted:

The transfer of \$500,000 to the Organization of American States (OAS) from the Agency for International Development to enable the OAS to initiate its activities under the Tela Agreement of August 8, 1989 with respect to the International Commission on Support and Verification (CIAV) was received on March 16, 1990. This transfer was the subject of our exchange of letter of February 27, 1990.

Subsequent to our agreement of February 27, 1990, there were discussions with you regarding the availability of funds to respond to the request of the Nicaraguan Government and the President-elect of Nicaragua that the OAS maintain election observers in Nicaragua until the inauguration of the new president, on April 25. You indicated that USAID was prepared to review funding availabilities, but the only funds immediately available were the \$500,000 you would be transferring to the OAS. You suggested that I review the immediate needs for the CIAV operation to determine whether any of these funds could be used for OAS Observers.

The purpose of this letter is to inform you that of the \$500,000 received on March 16, 1990, the OAS will be allocating \$250,000 to the account for the OAS election observation mission until the inauguration of the Nicaraguan President on April 25. Based on previous calculations, this amount should enable us to maintain some 20-25 observers in Nicaragua. We will establish a separate account for CIAV activities to which we will allocate the remaining \$250,000.

I will be submitting to you immediately the preliminary OAS budget estimates for CIAV programs. As we have discussed, we will have to send OAS personnel to the field, including personnel of IICA and PAHO, to make on-the-spot evaluations of specific needs to carry out OAS obligations under the Tela Agreement and the understanding with the United Nations Secretary General. I appreciate that it would be better to send you the more refined estimates after field study, but given the urgency of the matter I consider it important that you receive our preliminary estimates.

Sincerely,

Robert M. Sayre  
Assistant Secretary for Management

Mr. Ted Morse, Director  
Task Force on Humanitarian Assistance  
State Department, Room 3214  
Agency for International Development  
Washington, D.C.



ORGANIZACION DE LOS ESTADOS AMERICANOS  
ORGANIZAÇÃO DOS ESTADOS AMERICANOS  
ORGANISATION DES ETATS AMERICAINS  
ORGANIZATION OF AMERICAN STATES

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MAN/TRE/070-90

17th Street and Constitution Avenue, N.W. Washington, D.C. 20006

March 29, 1990

Dear Mr. Meighan:

The purpose of this letter is to confirm the understanding we reached today with respect to certain equipment used in the OAS Observation of the Electoral Process activity in Nicaragua purchased with funds provided by USAID.

Certain of the equipment, air conditioner for example, has been installed in housing rented for OAS observers. In each case our lease allows us to leave the equipment at the end of the lease with cost being deducted from our lease obligation. As discussed, it is our intention that in cases when it is economically or logistically advantageous to do so, we will exercise our option to leave the equipment in place.

Yours very truly,

*James B. McCeney*  
James B. McCeney  
Treasurer

Mr. Robert B. Meighan  
Deputy Director  
Task Force in Humanitarian Assistance  
**AGENCY FOR INTERNATIONAL DEVELOPMENT**  
Room 3311 - State Department  
2201 "C" Street, N.W.  
Washington, D.C. 20523

APR 4 10 52 AM '90

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AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

HUMAN RIGHTS

MEMORANDUM

APR 14 1989

TO: D/TFHA, Ted D. Morse  
THRU: TFHA/GC, Robert Meighan *Robert Meighan*  
FROM: TFHA, Roger Noriega *RN*  
RE: Policy Regarding Assistance and Human Rights

As you know, A.I.D. is bound by law not to provide assistance "to any group that retains in its ranks any individual who has been found to engage in ... gross violations of internationally recognized human rights." [Sec. 204(b), Military Construction Act for FY 1987] Therefore, the U.S. government has a responsibility to encourage the Resistance to continue prosecuting human rights offenses or, in lieu of the sort of decisive adjudication we would prefer, at least separate suspected persons from the movement.

The Military Prosecutor's Office (Fiscalia Militar) of the Nicaraguan Resistance and the Nicaraguan Association for Human Rights (ANPDH) are the organizations which investigate reports of human rights abuses by members of the Resistance. The State Department continues to encourage the vigorous prosecution of any abuses, and the Resistance's procedure for doing so appears to be functioning.

On March 24, after weeks of investigation, a Resistance tribunal found four persons guilty of human rights abuses, one commander guilty of complicity in an abuse, and one commander guilty of concealing an abuse. Five other persons were found innocent. The tribunal is continuing its inquiry in two other cases.

The six persons found guilty of abuses were expelled from the Resistance, and relevant evidence and testimony were turned over to Honduran authorities. Two persons are exercising their right, under the Resistance's Code of Conduct, to appeal the tribunal's verdict.

We have established the following policy and procedure for necessary A.I.D. action with respect to human rights prosecution.

### Guidelines

1. Persons merely accused of abuses are not barred from receiving A.I.D. assistance as long as they are promptly prosecuted and until they are judged guilty.
2. If an individual is suspended based on evidence of abuses, any family assistance payments to the individual would be deferred until such time as the case is adjudicated, but daily rations would be continued in this interim period. The individual's family could be added to the family food list if practical.
3. If a person found guilty chooses to exercise the right to appeal, that person will be considered as being suspended pending outcome of the appeal. Eligibility for humanitarian aid for that person and affected family members will be the same as for other suspended persons, described in No. 2 above, depending on disposition of the appeal.
4. Any person judged guilty of a gross violation of human rights (and has exhausted the right to appeal) is barred from receiving any form of assistance through A.I.D.'s humanitarian assistance program. The individual's family also loses eligibility.
5. Any person separated from the Resistance movement is barred from receiving any form of assistance, as is his family.

### Procedure

1. A.I.D. looks primarily to the Department of State to ensure that possible human rights abuses by members of the Nicaraguan Resistance are timely reported, investigated, and adjudicated. A.I.D. has requested the Department to keep A.I.D. fully informed so that the above policy can be implemented.
2. Upon notification of suspension of an individual by the Resistance command, TFHA/H human rights program manager shall work with the FAP program manager to determine if that suspended person is on any FAP lists. If so, the FAP program manager shall notify the Resistance that FAP payments designated for that person shall be deferred until the case is decided. The human rights program manager shall notify the family food program manager that the suspended person's immediate family members are eligible under the family food program in lieu of FAP.

If TFHA/H is formally notified that the suspended person has been acquitted of all charges and the suspension has

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been lifted, the human rights program manager shall inform the FAP program manager that the deferred FAP payments can be made and shall inform the family food program manager that the individual's family is no longer eligible for family food assistance because FAP eligibility has been restored.

3. Upon notification of the conviction\* of any individual for gross violations of human rights and/or separation from the Resistance movement, the human rights program manager shall notify the FAP program manager that the individual is barred from receiving any payments (including deferred payments, in the case of a person who had been suspended) and shall notify the family food program manager that the individual's family is barred from receiving any assistance. (\*Persons appealing their conviction shall be treated as having been suspended [see No. 2] until the right to appeal has been exhausted.)

Cleared: ARA/NCO:ABarr:04/13/89  
ARA/NCO:HRCharneco:03/16/89  
TFHA/H:WSchoux:04/13/89  
*Info:* — ARA/L:Madler:04/13/89  
C/AID:ARLove:(info)  
GC:HFry:(info)  
PPC:RBissell:(info)  
LAC/CEN:JLovaas:(info)  
LEG:DLiner:(info)  
H:JMullins/PMadigan:(info)  
ARA:CARcos:(info)  
TFHA/CR:RBaum:(info)  
AID/IG:JDurnil:(info)  
RIG:CGothard:(info)

Drafter:TFHA:RNoriega: #0315D:04/14/89: Ext. 70458

DRAFT No. 2/1

Date: 12/2/88

File Name: 2-1 TFH

Initials: JG

December 2, 1988  
Tegucigalpa, D.C.

TFHA-2/1

Mr. Coinage Gothard  
Regional Inspector General  
for Audit  
Agency for International  
Development  
United States Embassy  
Tegucigalpa, D.C.

Dear Mr. Gothard:

This letter is to report the results of our interviews and observations regarding the political and common prisoners held by the Nicaraguan Resistance (NR) in the areas of Bocay and Yamales. Our auditor traveled to these areas at the request of your office and interviewed prisoners in conjunction with auditors from the General Accounting Office.

I. AUDIT OBJECTIVES

- A. Determine if funds provided by the Agency for International Development's Task Force on Humanitarian Assistance (TFHA) are being used to detain political and common prisoners.
- B. Determine if funds provided by the TFHA are being used to commit human rights abuses against these prisoners.

II. AUDIT PROCEDURES

- A. Observed the two prison camps maintained by the NR Military Police in the Bocay and Yamales regions.
- B. Interviewed 100% (3 of 3) of the female prisoners held in the Bocay prison camp and 16% (8 of 49) of the male prisoners held in the Bocay camp. The interviews were conducted in private and there was no indication that the prisoners were fearful of repercussions by prison guards for whatever answers they may have given.

Interviewed 50% (8 of 16) of the female political prisoners; 100% (2 of 2) of the female common prisoners; 14% (8 of 57) of the male political

prisoners; 18% (3 of 17) of the male common prisoners in the Yamales prison camp. The interviews were conducted in private and there was no indication that the prisoners were fearful of repercussions by prison guards for whatever answers they may have given.

D. Interview questions for the prisoners were as follows:

- 1) How long have you been a prisoner of the NR?
- 2) What are the charges against you?
- 3) Have you ever been tortured in any way by a member of the NR?
- 4) How many daily meals are you given at the prison camp and what kinds of meals are they?
- 5) Are you given bedding, personal hygiene articles, and clothing by the NR?
- 6) Are you allowed to leave the prison stockade at any time?
- 7) Are you tied, chained or bound in any way in the prison camp?
- 8) Have you been mistreated in any way by the NR Military Police prison guards?

E. Interviewed 2 NR Military Police Bocay prison guards and 2 NR Military Police Yamales prison guards to determine their role in the detainment of the prisoners.

### III. FINDINGS

#### A. BOCAY PRISON CAMP

The Bocay prison camp is an extremely isolated camp only accessible by helicopter. Dense jungle surrounds the camp for as far as one can see from the helicopter. The camp is located in a steep mountain range. A 24-hour guard of NR Military Police surrounds the prison camp. All the prisoners in the Bocay camp are political prisoners. Some are Sandinista soldiers captured in combat, some are Nicaraguan civilians accused of infiltration, some are former NR combatants accused of spying and sabotage.

The female prisoners sleep in an 8' X 10' hut constructed of logs with a canvas roof. The hut is encircled by five strands of barbed wire stapled to the logs and there is no "prison yard" for the women. They are allowed outside the hut from 5:30 AM to 5:30 PM and can circulate in a limited area of a few hundred yards. They are not tied or bound in any way. Their latrine, bathing, eating, and sleeping areas are separated from the male prisoners and they are allowed no contact with

the male prisoners.

The female prisoners are between the ages of 15 and 20. They have been imprisoned between eight and ten months. They claim to have been raped and tortured by NR officials at the time of their detention so they would confess to being infiltrators. Once they were placed in the prison camp, their treatment by the NR Military Police prison guards has been good. They receive adequate food, clothing, and medical care. Personal hygiene articles are scarce. They wish to be transferred to the Yamales prison camp which is less isolated and which has better food. They do not wish to be released to the Nicaraguan government.

The male prisoners sleep in 15' X 40' hut of the same construction as the female prisoners' hut. A small, barbed wire-enclosed "prison yard" encircles the sleeping quarters. They are allowed outside the hut from 5:30 AM to 5:30 PM and can circulate in the "prison yard". They are not tied or bound in any way. They are allowed outside the prison area several times a week to do work such as cutting brush and hauling firewood. Their latrine, bathing, eating, and sleeping areas are separated from the female prisoners and they are allowed no contact with the female prisoners.

The male prisoners interviewed are between the ages of 17 and 25. Some have been imprisoned as long as four years. The captured Sandinista soldiers interviewed have not been tortured. The accused civilian infiltrators and former NR combatants accused of espionage and sabotage claim to have been tortured by NR officials at the time of their detention. Once they were placed in the prison camp, their treatment by the NR Military Police prison guards has been good. They receive adequate food, clothing, and medical care. Personal hygiene articles are scarce. They wish to be transferred to the Yamales prison camp which is less isolated and which has better food. They do not wish to be released to the Nicaraguan government.

#### B. YAMALES PRISON CAMP

The Yamales prison camp is located in the Yamales valley in a camp isolated from the other NR camps in the valley. A 24-hour guard of NR Military Police surrounds the prison camp. Most of the prisoners in the Yamales camp are political prisoners. The political prisoners are Nicaraguan civilians accused of infiltration, former Sandinistas accused of infiltration, and former NR combatants accused of spying and sabotage.

The female political prisoners sleep in an 10' X 20' hut constructed of logs with a canvas roof. The hut is encircled by five strands of barbed wire stapled to the logs and there is a small "prison yard" for the women. They are allowed outside the hut from 5:30 AM to 5:30 PM and can circulate in the "prison yard". One woman is kept in solitary confinement in a small, barbed wire-encircled hut for fighting with other prisoners. They are not tied or bound in any way. Their latrine, bathing, eating, and sleeping areas are separated from the male prisoners and they are allowed no contact with the male prisoners. Over half sleep on the ground without covers for lack of hammocks and bedding.

The female political prisoners interviewed are between the ages of 15 and 25. They have been imprisoned between one week and fourteen months. They claim to have been tortured by NR officials at the time of their detention so they would confess to being infiltrators. Once they were placed in the prison camp, their treatment by the NR Military Police prison guards has been good. They receive adequate food, clothing, and medical care. They do not wish to be released to the Nicaraguan government.

The male political prisoners sleep in 15' X 40' hut of the same construction as the female prisoners' hut. A small, barbed wire-enclosed "prison yard" encircles the sleeping quarters. They are allowed outside the hut from 5:30 AM to 5:30 PM and can circulate in the "prison yard". They are not tied or bound in any way. They are allowed outside the prison area several times a week to do work such as cutting brush and hauling firewood. Their latrine, bathing, eating, and sleeping areas are separated from the female prisoners and they are allowed no contact with the female prisoners. Only ten of the 57 male political prisoners have hammocks and bedding. The rest sleep on the ground with no covers.

The male political prisoners interviewed are between the ages of 14 and 25. They have been imprisoned between two and eight months. The accused civilian infiltrators and former NR combatants accused of espionage and sabotage claim to have been tortured by NR officials at the time of their detention. Once they were placed in the prison camp, their treatment by the NR Military Police prison guards has been good. They receive adequate food, clothing, and medical care. They do not wish to be released to the Nicaraguan government.

Both the male and female common prisoners live in the same conditions as the political prisoners, but are

kept in separate facilities within the prison camp. They are all NR combatants who have committed infractions ranging from homicide to petty theft to marijuana possession. They were committed to prison by the Legal Office of the NR. None of those interviewed have been informed as to the length of their sentences. All those interviewed claim to have been treated well by their NR Military Police prison guards.

C. INTERVIEWS WITH NR MILITARY POLICE PRISON GUARDS

The guards interviewed in both the Bocay and Yamales camps have no specific knowledge of the charges against the prisoners or regarding the circumstances of individual cases. They have been ordered not to consort with the prisoners. Their only role is to maintain the security and well-being of the prisoners.

III. CONCLUSIONS

- A. It is not possible to determine if funds provided by the Agency for International Development's Task Force on Humanitarian Assistance (TFHA) are being used to purchase materials used to detain political and common prisoners. The primary detention materials are barbed wire and the log huts. As indicated in our report TFHA-74, no purchases of barbed wire by the TFHA have been found. The logs used to construct the huts have been cut from the surrounding jungle.
- B. It is not possible to determine if funds provided by the TFHA are being used to commit human rights abuses against these prisoners. Some of the prisoners interviewed alleged that they were tortured by NR officials during the time period of the AID humanitarian assistance program.
- C. With the exception of a lack of adequate bedding in the Yamales camp and the limited diet of rice and beans at the Bocay camp, the condition and treatment of the prisoners appears to be good. No human rights abuses of the prisoners while confined in the camps were reported.

If you have any further questions regarding this report, please don't hesitate to contact me.

Sincerely,

Reynaldo Rodriguez  
Director

AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523



**MEMORANDUM**

TO: ERN, Mario Sacasa  
FROM: D/TFHA, Ted Morse *Jm*  
SUBJECT: Family Assistance Payments for Resistance Member  
Mike Lima

It is TFHA policy that no funds will be provided for Family Assistance Payments for any member of the Resistance judged to be a violator of human rights. When there is reason to believe that an individual may have been involved in such actions, and that person is temporarily suspended from the Resistance pending investigation and hearing, TFHA will hold in escrow the FAP payments for that individual until the final determination is made on the matter. If the individual is then determined to be innocent of the charges, all Family Assistance Payments will be made on his behalf.

We understand from the State Department that subject individual has been temporarily suspended from the Resistance pending investigation and hearing. For that reason I have directed that Family Assistance Payments be withheld pending resolution of the charges.

cc: TFHA/H, Bill Schoux

## E.R.N. HUMAN RIGHTS TRAINING

Date: January 31, 1989

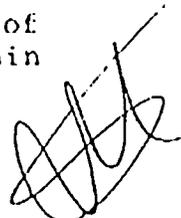
1. Pursuant to the authority contained in Title IX of the Department of Defense Appropriations Act, 1989, and the Delegation of Authority from the Administrator of the Agency for International Development to the Director of the Task Force on Humanitarian Assistance in Central America dated April 1, 1988, the Government of the United States of America, acting through the Agency for International Development, hereby grants to the Nicaraguan Democratic Resistance \$178,020 (One Hundred Seventy Eight Thousand and Twenty United States Dollars) for costs of providing human rights training to Resistance members.

2. The activities funded herein are to commence immediately and extend through April 30, 1989. Payment for costs incurred since January 1, 1989, is authorized, in accordance with provisions set forth herein.

3. The purpose of this grant is to fund training of Resistance members in that organization's Code of Conduct and system of military justice, consistent with the statutory authority (P.L. 100-463) to provide training "with respect to [the] treatment of civilians and other armed forces personnel, in accordance with internationally accepted standards of human rights." Funds provided herein are to support instructor salaries, procurement of teaching materials and equipment, and related management costs (in accordance with the illustrative budget, Attachment One). Tentative curricula for courses are shown in Attachment Two.

4. Purpose. The purpose of the project is to provide members of the Nicaraguan Resistance with instruction concerning the army's present Code of Conduct. Also, instruction is to be given concerning the operation of the system of military justice. The Resistance's irregular character requires discipline, by means of a voluntarily accepted Code of Conduct applied in a simple legal process.

The strict observance of the Code of Conduct is very important, directed towards four main aspects: treatment of the civilian population; rules to maintain discipline within



the organization; conduct which must be observed toward members of other armed forces; and legal procedures.

The project will involve approximately 5,000 trainees. The person responsible for the project will be the N.R. Director in charge of military affairs and the manager of the project will be the Resistance Legal Advisor and Prosecutor. Members of the Resistance as well as support personnel with previous legal training will participate in the program as instructors.

The project will include the training of Northern and Atlantic Front military personnel by the Military Prosecutor's Office instructors. Resistance combatants generally have no formal education. The training approach requires adequate instruction methods, with emphasis on oral and audio-visual instruction.

The following courses will be implemented:

**Basic Course:** This course is an introduction to the basic principles of the judicial system, rules of war, Code of Conduct and the functions of the Military Prosecutor's Office. This course will last three days and will be imparted to the following groups:

- a) Members of the General Staff and the Special General Staff
- b) Regional Commanders
- c) Task Force Commanders
- d) Medical Corps
- e) Combatants

**Courses for Future Members of the Military Courts:** This course will cover procedures used in prosecuting alleged violations of the Code of Conduct and human rights violations. This course will last one day.

**Course for Field Instructors:** The purpose of this course is to train a group of combatants in teaching techniques and relations with the civilian population. This course will last five days.

5. It is understood that in preparing vouchers for expenses charged against this Grant, the following procedures will be used:

- a. The Grantee shall designate (in writing) a legal representative who resides in Honduras. The Grantor shall

designate a project manager for this activity.

b. A.I.D., acting through the Task Force on Humanitarian Assistance (TFHA/H) located in Honduras, will advance funds to the Grantee to meet the immediate cash needs for a period of up to 30 days. All payments hereunder shall be in lempiras, except those approved in advance by the TFHA/H project manager to be paid in U.S. dollars in the manner provided for in sub-paragraph (g).

c. Eligible costs as allowable under the applicable cost principles (i.e. OMB Circular A-122) qualify as valid costs for reimbursement during the period from January 1, 1989. Reimbursement shall be made upon the request of the Grantee in the manner set forth herein for replenishing the advance.

d. At the end of each 15-day period, or more frequently as required, the Grantee will prepare a voucher to liquidate the advance for expenditures incurred. With each submission of vouchers, the Grantee shall prepare a Certified Fiscal Report (certified by the above designated legal representative) showing the allocation of funds being vouchered.

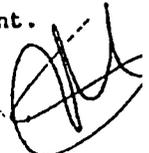
The allocation should show direct linkage to specific items in the budget attached to this Grant.

Certification shall state that costs being vouchered are directly related to the authorized training activities contemplated in this agreement.

A.I.D. will replenish the advance when the above-mentioned voucher has been reviewed and approved in accordance with sub-paragraphs (e) and (f) below.

e. The Grantee shall submit vouchers, certifications, and related books and records to the A.I.D. Task Force on Humanitarian Assistance (TFHA) which shall refer them to Office of Regional Inspector General designated auditors for review and recommendations. The review by the auditors will determine the reasonableness, allowability, and allocability of the costs being vouchered and specifically identify questionable costs, if any, and the reasons for questioning those costs.

f. Vouchers thus certified along with the receipts shall then be returned to TFHA for final approval. It is understood that A.I.D. has final authority in the determination of allowable costs. Allowable costs will be liquidated. Disallowed costs will be billed to the Grantee for payment.



g. The TFHA/H project manager is authorized to provide prior administrative approval to pay certain eligible costs in dollars, including the monthly salary payment to the individual serving as the Resistance program manager. No advance in dollars is authorized.

Upon the request of the designated legal representative of the Grantee, TFHA/H controller shall authorize and request the payment of a dollar check in the aggregate amount to be delivered to TFHA/H. The check will then be forwarded to the Grantee for deposit in a separate dollar account in the United States. The Grantee is responsible for making authorized payments and will maintain separate records for these transactions, including receipts from paid individuals.

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h. The attached budget is illustrative, and the salary levels shown should be considered the maximum dollar-equivalent. Actual salary levels for all positions shall require consultation with and prior approval of the TFHA/H project manager.

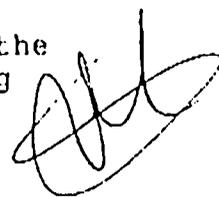
i. The Grantee shall continue to maintain an auditable log system for vehicles which the Grantee has assigned to the human rights training program. This system will continue to be used to maintain control of fuel usage, and to verify that vehicle expenses charged to A.I.D. are directly related to the authorized training activities contemplated in this agreement.

It is understood that financial records, including documentation to support entries on accounting records and to substantiate financial charges against this Agreement shall be maintained in accordance with usual accounting procedures of the Nicaraguan Democratic Resistance, which shall follow generally accepted accounting practices. All such financial records shall be maintained for at least three years after final disbursement of funds under this Agreement. The Nicaraguan Democratic Resistance agrees to make available to A.I.D. and the Comptroller General of the United States all records and documents which support expenditures under this agreement.

6. The Grantee shall submit all financial records and supporting documentation to the A.I.D. Office of the Inspector General or its representatives for examination. The A.I.D. Office of the Inspector General or its representatives shall have access to all locations and personnel receiving A.I.D. funds or A.I.D.-funded services, materials, commodities, equipment, or supplies. These reviews shall be made concurrently with the implementation of the program. Continued funding to the Grantee is subject to a positive opinion from the A.I.D. Office of the Inspector General or its representatives that the Grantee's costs are reasonable, allowable, allocable, and adequately supported.

7. Project managers and/or instructors can be members of the Nicaraguan Resistance and can receive salaries as stipulated in the attached illustrative budget (Attachment One). Individuals receiving salaries under this program are ineligible for any other payments under the A.I.D. Humanitarian Assistance Program.

8. Resistance human rights project manager shall meet periodically with TFHA project manager in Honduras for the purpose of establishing benchmarks by which the training program's progress will be measured.



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9. Sites and plans for construction of classrooms involving these funds shall be submitted to the TFHA/Honduras project manager in advance for approval.

10. Equipment for classrooms (i.e. video players and monitors, generators) will be procured by the Resistance with the prior approval of the TFHA/Honduras project manager to ensure compatibility with other equipment purchased with A.I.D. funds. Commodities procured are the property of Resistance and should be purchased only when it is certain that the classroom facilities in which they are to be used are established and operable. The Nicaraguan Resistance and its designated project manager is responsible for ensuring that equipment procured under this program is used only for the purposes intended in this agreement and that persons operating the equipment have been trained in its operation and maintenance.

11. The actual number and type of rented vehicles needed to effectively execute this program shall require consultation with and require the prior approval of the TFHA/Honduras project manager.

12. The Resistance project manager shall inform the TFHA/Honduras project manager of any personnel changes affecting managers or instructors under this training program.

13. The Resistance project manager shall provide a monthly report to TFHA/Honduras, due not later than the tenth calendar day following the month. This report shall address at least the following points:

a. A narrative description of the activities during the month and reports of the numbers of individuals receiving various types of training.

b. Major problems encountered and proposed solutions thereto.

c. An analysis of performance in terms of meeting training benchmarks established in consultation with the TFHA/Honduras project manager.

d. Objectives for the following month.

e. Financial status report summarizing expenditures for the month against the major line items. Significant proposed

adjustments to the budget should be discussed, and estimated expenditures for the coming month should be presented.

14. This agreement contemplates the participation of visiting instructors and advisors, who will be eligible for reimbursement for authorized travel in accordance with this agreement.

15. That portion of costs of essential international travel by civilian advisors and instructors relating to training activities can be paid by these funds. Payment of per diem for international travelers will be based on the same schedule used by A.I.D.; an updated schedule will be provided to the Resistance by A.I.D. International travel involving use of funds under this program is subject to prior approval of the TFHA/Honduras project manager. Local travel costs and per diem will be paid to civilian advisors and instructors according to a payment schedule prepared by the Resistance and approved in advance by the TFHA/Honduras project manager.

16. None of the activities attributed to the Atlantic Front in this agreement can be funded until the Resistance project manager has submitted an effective plan for implementation prepared in consultation with a responsible individual representing the Atlantic Front.

- more -



Each of the undersigned individuals represents that he is fully authorized to execute this agreement on behalf of his respective organization.

Mario Sacasa  
Vice Coordinator of Administration  
and Finance  
Nicaraguan Democratic Resistance

Ted D. Morse  
The Government of the  
United States of America  
Agency for International  
Development

FISCAL DATA:

Letter Agreement No: 594-0000-A-00-9006-00  
Amount: \$178,020  
Appropriation No.: 72-1191038  
Budget Plan Code: VRRRA-89-29594-HG84  
Project No.: 594-0000.02  
Reservation Control No.: V900002

drafted: TFHA/W: *RN* Noriega: 02987D

cleared:	TFHA/W: RMeighan: <i>R Meighan</i>	: Date: 01/31/89
	C/TFHA/H: Kromwall: <i>KR Kromwall RN</i>	: Date: 01/30/89
	C/TFHA/W: LTarpeh-Doe: <i>LD</i>	: Date: 01/30/89
	TFHA/W: JLoVaas: <i>JL</i>	: Date: 01/27/89
	TFHA/H: DENOS: <i>sub/via phone RN</i>	: Date: 01/27/89
	TFHA/W: TBarker: <i>TB</i>	: Date: 01/27/89
	ARA: HRCharneco: <i>HR</i>	: Date: 01/27/89

*their review*

*ending*  
*Jan 30 1989*

ATTACHMENT ONE

Summary of Illustrative Budget  
(January 1, 1989 - April 30, 1989)

	Northern	Atlantic	Total
Recurring Costs (4 mos.)	\$ 77,600	\$ 58,600	\$136,200
Commodities	35,490	6,330	41,820
<b>TOTAL COSTS</b>	<b>\$113,090</b>	<b>\$ 64,930</b>	<b>\$178,020</b>

Summary of Recurring Costs  
(monthly)

	Northern	Atlantic	Total
Salaries (Mgt)	\$4,000	\$ 0	\$ 4,000
Salaries (Trng)	6,100	5,900	12,000
Rent	700	200	900
Travel/Per Diem	2,000	1,000	3,000
Utilities	200	150	350
Courier Service	300	150	450
Telephone	800	2,500	3,300
Photocopier Rtl	500	400	900
Vehicle Rental	2,500	1,250	3,750
Boat Rental	0	1,250	1,250
Veh. Fuel/Mntnc	800	600	1,400
Office Supplies	500	250	750
<u>Miscellaneous</u>	<u>1,000</u>	<u>1,000</u>	<u>2,000</u>
<b>TOTAL RECURRING COSTS</b>	<b>\$19,400</b>	<b>\$14,650</b>	<b>\$34,050</b>
x 4 months			<b>\$136,200</b>

Summary of One-Time Costs

	Northern	Atlantic	Total
Equipment	\$10,890	\$3,630	\$14,520
Classrms (const.)	8,600	2,700	11,300
Printing	<u>16,000</u>	<u>0</u>	<u>16,000</u>
<b>TOTAL FIXED COSTS</b>	<b>\$35,490</b>	<b>\$6,330</b>	<b>\$41,820</b>

PERSONNEL

Training Positions

Northern Front

Project Administrator	\$1,000
Instructor	1,500
Instructor	1,500
Assistant Instructor	200
Driver	300
	<u>\$6,100</u>

Atlantic Front

Project Administrator	\$1,000
Instructor	1,500
Instructor	1,500
Assistant Instructor	200
Bookkeeper	300
Driver	300
Boat Operator	300
	<u>\$5,900</u>

Management Positions  
(Tegucigalpa Office)

Project Manager	\$2,000
Secretary	400
Secretary	400
Bookkeeper	300
Driver/Messenger	300
Security Guard	200
Security Guard	200
Custodian	200
<u>Total</u>	<u>\$4,000</u>

DESCRIPTION OF ONE-TIME COSTS

Equipment

VHS video players and monitors, amplifiers, and generators for classroom use, to be procured by the Grantee with the prior approval of the TFHA/H project manager. Estimated costs, based on local quotations:

<u>Item</u>	<u>Each</u>	<u>Total</u>
4 Television monitor	\$ 600	\$2,400
4 VHS player	730	2,920
4 Generator (8 hp)	1,900	7,600
4 Amplification Syst. (35 watts)	400	1,600
		<u>\$14,520</u>

Distribution:

	<u>Video Eq.</u>	<u>Generators</u>	<u>Amplifiers</u>
Yamales	2	2	2
Bocay	1	1	1
Mosquitia	1	1	1
	<u>4</u>	<u>4</u>	<u>4</u>

Classrooms (Construction)

2 Yamales	\$3,700	\$7,400
1 Bocay	1,200	1,200
1 Mosq. (Asput/Tapaslaya)	2,700	2,700
<u>4 Total</u>		<u>\$11,300</u>

Printing

10,000 Code of Conduct (condensed)	\$10,000
2,000 Code of Conduct (original)	2,000
5,000 Notebooks (ERN logo)	3,000
5,000 Pencils (ERN logo)	1,000
	<u>\$16,000</u>

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ATTACHMENT TWO  
Tentative Curricula

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the organization; conduct which must be observed toward members of other armed forces; and legal procedures.

The project will involve approximately 5,000 trainees. The person responsible for the project will be the N.R. Director in charge of military affairs and the manager of the project will be the Resistance Legal Advisor and Prosecutor. Members of the Resistance as well as support personnel with previous legal training will participate in the program as instructors.

The project will include the training of Northern and Atlantic Front military personnel by the Military Prosecutor's Office instructors. Resistance combatants generally have no formal education. The training approach requires adequate instruction methods, with emphasis on oral and audio-visual instruction.

The following courses will be implemented:

**Basic Course:** This course is an introduction to the basic principles of the judicial system, rules of war, Code of Conduct and the functions of the Military Prosecutor's Office. This course will last three days and will be imparted to the following groups:

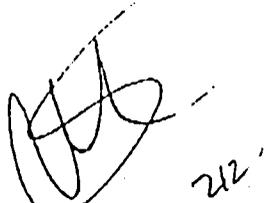
- a) Members of the General Staff and the Special General Staff
- b) Regional Commanders
- c) Task Force Commanders
- d) Medical Corps
- e) Combatants

**Courses for Future Members of the Military Courts:** This course will cover procedures used in prosecuting alleged violations of the Code of Conduct and human rights violations. This course will last one day.

**Course for Field Instructors:** The purpose of this course is to train a group of combatants in teaching techniques and relations with the civilian population. This course will last five days.

5. It is understood that in preparing vouchers for expenses charged against this Grant, the following procedures will be used:

a. The Grantee shall designate (in writing) a legal representative who resides in Honduras. The Grantor shall

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designate a project manager for this activity.

b. A.I.D., acting through the Task Force on Humanitarian Assistance (TFHA/H) located in Honduras, will advance funds to the Grantee to meet the immediate cash needs for a period of up to 30 days. All payments hereunder shall be in lempiras, except those approved in advance by the TFHA/H project manager to be paid in U.S. dollars in the manner provided for in sub-paragraph (g).

c. Eligible costs as allowable under the applicable cost principles (i.e. OMB Circular A-122) qualify as valid costs for reimbursement during the period from January 1, 1989. Reimbursement shall be made upon the request of the Grantee in the manner set forth herein for replenishing the advance.

d. At the end of each 15-day period, or more frequently as required, the Grantee will prepare a voucher to liquidate the advance for expenditures incurred. With each submission of vouchers, the Grantee shall prepare a Certified Fiscal Report (certified by the above designated legal representative) showing the allocation of funds being vouchered.

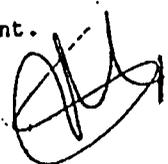
The allocation should show direct linkage to specific items in the budget attached to this Grant.

Certification shall state that costs being vouchered are directly related to the authorized training activities contemplated in this agreement.

A.I.D. will replenish the advance when the above-mentioned voucher has been reviewed and approved in accordance with sub-paragraphs (e) and (f) below.

e. The Grantee shall submit vouchers, certifications, and related books and records to the A.I.D. Task Force on Humanitarian Assistance (TFHA) which shall refer them to Office of Regional Inspector General designated auditors for review and recommendations. The review by the auditors will determine the reasonableness, allowability, and allocability of the costs being vouchered and specifically identify questionable costs, if any, and the reasons for questioning those costs.

f. Vouchers thus certified along with the receipts shall then be returned to TFHA for final approval. It is understood that A.I.D. has final authority in the determination of allowable costs. Allowable costs will be liquidated. Disallowed costs will be billed to the Grantee for payment.



g. The TFHA/H project manager is authorized to provide prior administrative approval to pay certain eligible costs in dollars, including the monthly salary payment to the individual serving as the Resistance program manager. No advance in dollars is authorized.

Upon the request of the designated legal representative of the Grantee, TFHA/H controller shall authorize and request the payment of a dollar check in the aggregate amount to be delivered to TFHA/H. The check will then be forwarded to the Grantee for deposit in a separate dollar account in the United States. The Grantee is responsible for making authorized payments and will maintain separate records for these transactions, including receipts from paid individuals.

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- 4 -

h. The attached budget is illustrative, and the salary levels shown should be considered the maximum dollar-equivalent. Actual salary levels for all positions shall require consultation with and prior approval of the TFHA/H project manager.

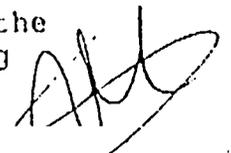
i. The Grantee shall continue to maintain an auditable log system for vehicles which the Grantee has assigned to the human rights training program. This system will continue to be used to maintain control of fuel usage, and to verify that vehicle expenses charged to A.I.D. are directly related to the authorized training activities contemplated in this agreement.

It is understood that financial records, including documentation to support entries on accounting records and to substantiate financial charges against this Agreement shall be maintained in accordance with usual accounting procedures of the Nicaraguan Democratic Resistance, which shall follow generally accepted accounting practices. All such financial records shall be maintained for at least three years after final disbursement of funds under this Agreement. The Nicaraguan Democratic Resistance agrees to make available to A.I.D. and the Comptroller General of the United States all records and documents which support expenditures under this agreement.

6. The Grantee shall submit all financial records and supporting documentation to the A.I.D. Office of the Inspector General or its representatives for examination. The A.I.D. Office of the Inspector General or its representatives shall have access to all locations and personnel receiving A.I.D. funds or A.I.D.-funded services, materials, commodities, equipment, or supplies. These reviews shall be made concurrently with the implementation of the program. Continued funding to the Grantee is subject to a positive opinion from the A.I.D. Office of the Inspector General or its representatives that the Grantee's costs are reasonable, allowable, allocable, and adequately supported.

7. Project managers and/or instructors can be members of the Nicaraguan Resistance and can receive salaries as stipulated in the attached illustrative budget (Attachment One). Individuals receiving salaries under this program are ineligible for any other payments under the A.I.D. Humanitarian Assistance Program.

8. Resistance human rights project manager shall meet periodically with TFHA project manager in Honduras for the purpose of establishing benchmarks by which the training program's progress will be measured.



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9. Sites and plans for construction of classrooms involving these funds shall be submitted to the TFHA/Honduras project manager in advance for approval.

10. Equipment for classrooms (i.e. video players and monitors, generators) will be procured by the Resistance with the prior approval of the TFHA/Honduras project manager to ensure compatibility with other equipment purchased with A.I.D. funds. Commodities procured are the property of Resistance and should be purchased only when it is certain that the classroom facilities in which they are to be used are established and operable. The Nicaraguan Resistance and its designated project manager is responsible for ensuring that equipment procured under this program is used only for the purposes intended in this agreement and that persons operating the equipment have been trained in its operation and maintenance.

11. The actual number and type of rented vehicles needed to effectively execute this program shall require consultation with and require the prior approval of the TFHA/Honduras project manager.

12. The Resistance project manager shall inform the TFHA/Honduras project manager of any personnel changes affecting managers or instructors under this training program.

13. The Resistance project manager shall provide a monthly report to TFHA/Honduras, due not later than the tenth calendar day following the month. This report shall address at least the following points:

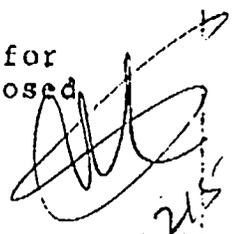
a. A narrative description of the activities during the month and reports of the numbers of individuals receiving various types of training.

b. Major problems encountered and proposed solutions thereto.

c. An analysis of performance in terms of meeting training benchmarks established in consultation with the TFHA/Honduras project manager.

d. Objectives for the following month.

e. Financial status report summarizing expenditures for the month against the major line items. Significant proposed



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adjustments to the budget should be discussed, and estimated expenditures for the coming month should be presented.

14. This agreement contemplates the participation of visiting instructors and advisors, who will be eligible for reimbursement for authorized travel in accordance with this agreement.

15. That portion of costs of essential international travel by civilian advisors and instructors relating to training activities can be paid by these funds. Payment of per diem for international travelers will be based on the same schedule used by A.I.D.; an updated schedule will be provided to the Resistance by A.I.D. International travel involving use of funds under this program is subject to prior approval of the TFHA/Honduras project manager. Local travel costs and per diem will be paid to civilian advisors and instructors according to a payment schedule prepared by the Resistance and approved in advance by the TFHA/Honduras project manager.

16. None of the activities attributed to the Atlantic Front in this agreement can be funded until the Resistance project manager has submitted an effective plan for implementation prepared in consultation with a responsible individual representing the Atlantic Front.

- more -



Each of the undersigned individuals represents that he is fully authorized to execute this agreement on behalf of his respective organization.

Mario Sacasa  
Vice Coordinator of Administration  
and Finance  
Nicaraguan Democratic Resistance

Ted D. Morse  
The Government of the  
United States of America  
Agency for International  
Development

FISCAL DATA:

Letter Agreement No: 594-0000-A-00-9006-00  
Amount: \$178,020  
Appropriation No.: 72-1191038  
Budget Plan Code: VRRRA-89-29594-HG84  
Project No.: 594-0000.02  
Reservation Control No.: V900002

drafted: TFHA/W:R [signature] : 02987D

cleared:	TFHA/W:RMeighan: R Meighan	:Date:01/31/89
	C/TFHA/H:Kromwall: KR hyp phone Rv	:Date:01/30/89
	C/TFHA/W:LTarpeh-doe: [signature]	:Date:01/30/89
	TFHA/W:JLovaas: [signature]	:Date:01/27/89
	TFHA/H:Denos: subs/via phone Rv	:Date:01/27/89
	TFHA/W:TBarker: [signature]	:Date:01/27/89
	ARA:HRCharneco: [signature]	:Date:01/27/89

*their  
review  
ending  
Jan 30/89*

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## ATTACHMENT ONE

Summary of Illustrative Budget  
(January 1, 1989 - April 30, 1989)

	Northern	Atlantic	Total
Recurring			
Costs (4 mos.)	\$ 77,600	\$ 58,600	\$136,200
Commodities	35,490	6,330	41,820
<b>TOTAL COSTS</b>	<b>\$113,090</b>	<b>\$ 64,930</b>	<b>\$178,020</b>

Summary of Recurring Costs  
(monthly)

	Northern	Atlantic	Total
Salaries (Mgt)	\$4,000	\$ 0	\$ 4,000
Salaries (Trng)	6,100	5,900	12,000
Rent	700	200	900
Travel/Per Diem	2,000	1,000	3,000
Utilities	200	150	350
Courier Service	300	150	450
Telephone	800	2,500	3,300
Photocopier Rtl	500	400	900
Vehicle Rental	2,500	1,250	3,750
Boat Rental	0	1,250	1,250
Veh. Fuel/Mntnc	800	600	1,400
Office Supplies	500	250	750
<u>Miscellaneous</u>	<u>1,000</u>	<u>1,000</u>	<u>2,000</u>
<b>TOTAL RECURRING COSTS</b>	<b>\$19,400</b>	<b>\$14,650</b>	<b>\$34,050</b>
x 4 months			<b>\$136,200</b>

Summary of One-Time Costs

	Northern	Atlantic	Total
Equipment	\$10,890	\$3,630	\$14,520
Classrms (const.)	8,600	2,700	11,300
Printing	16,000	0	16,000
<b>TOTAL FIXED COSTS</b>	<b>\$35,490</b>	<b>\$6,330</b>	<b>\$41,820</b>

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PERSONNEL

Training Positions

Northern Front

Project Administrator	\$1,000
Instructor	1,500
Instructor	1,500
Assistant Instructor	200
Driver	300
	<u>\$6,100</u>

Atlantic Front

Project Administrator	\$1,000
Instructor	1,500
Instructor	1,500
Assistant Instructor	200
Bookkeeper	300
Driver	300
Boat Operator	300
	<u>\$5,900</u>

Management Positions  
(Tegucigalpa Office)

Project Manager	\$2,000
Secretary	400
Secretary	400
Bookkeeper	300
Driver/Messenger	300
Security Guard	200
Security Guard	200
Custodian	200
Total	<u>\$4,000</u>

DESCRIPTION OF ONE-TIME COSTS

Equipment

VHS video players and monitors, amplifiers, and generators for classroom use, to be procured by the Grantee with the prior approval of the TFHA/H project manager. Estimated costs, based on local quotations:

<u>Item</u>	<u>Each</u>	<u>Total</u>
4 Television monitor	\$ 600	\$2,400
4 VHS player	730	2,920
4 Generator (8 hp)	1,900	7,600
4 Amplification Syst. (35 watts)	400	1,600
		<u>\$14,520</u>

Distribution:

	<u>Video Eq.</u>	<u>Generators</u>	<u>Amplifiers</u>
Yamales	2	2	2
Bocay	1	1	1
Mosquitia	$\frac{1}{4}$	$\frac{1}{4}$	$\frac{1}{4}$

Classrooms (Construction)

2 Yamales	\$3,700	\$7,400
1 Bocay	1,200	1,200
1 Mosq. (Asput/Tapaslaya)	2,700	2,700
4 Total		<u>\$11,300</u>

Printing

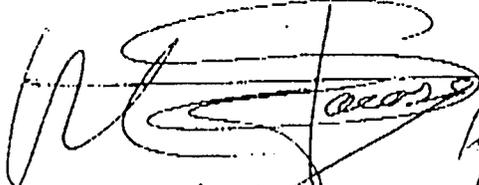
10,000 Code of Conduct (condensed)	\$10,000
2,000 Code of Conduct (original)	2,000
5,000 Notebooks (ERN logo)	3,000
5,000 Pencils (ERN logo)	1,000
	<u>\$16,000</u>

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ATTACHMENT TWO  
Tentative Curricula

221.

The undersigned individuals represent that they are fully authorized to execute this agreement on behalf of their respective organization.



April 30 / 89

Mario Sacasa  
Vice Coordinator of  
Administration and Finance

Ted D. Morse  
The Government of the  
United States of America  
Agency for International  
Development

FISCAL DATA:

Letter Agreement No: 594-0005-A-00-9006A  
Amount (this amendment) \$102,000  
Appropriation No.: 72-119/01038  
Budget Plan Code: VRR9-89-29594-HG84  
Project No.: 594-0000.02  
Reservation Control No.: R85001

Clearances:

C/TFHA/H:	Date:
D/TFHA/H:WSchoux: (draft)	Date:04/28/89
TFHA/H:SHaynes: (draft)	Date:04/27/89
TFHA/H:DEnos: (draft)	Date:04/28/89

drafted: TFHA/W:RNoriega:0339D:04/27/89

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**UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY**  
**AGENCY FOR INTERNATIONAL DEVELOPMENT**  
WASHINGTON, D.C. 20523

E.R.N. HUMAN RIGHTS TRAINING

AMENDMENT THREE

Date: July 31, 1989

The purpose of this amendment is to extend through March 31, 1990, the Human Rights Training Letter Agreement between the Agency for International Development and the Nicaraguan Democratic Resistance dated January 31, 1989, and to amend it as follows:

1. Paragraph no. 1 is amended to increase the amount of the grant by \$68,000 (Sixty Eight Thousand United States Dollars) for a total of \$348,020 (Three Hundred Forty Eight Thousand and Twenty United States Dollars). The grantee agrees to use these additional resources to sustain the current level of human rights training activities as described in the original agreement.

2. Delete paragraph no. 2 in its entirety, and substitute the following in lieu thereof:

"2. The activities funded herein, which commenced on January 1, 1989, are to extend through March 31, 1990. Payment for costs incurred since January 1, 1989, is authorized in accordance with provisions set forth herein."

3. The incremental funds provided herein are to pay for authorized training costs from August 1, 1989 to September 30, 1989, consistent with the original agreement and according to the illustrative budget therein. (Of these funds, up to \$39,000 is to be used for the Northern Front, and up to \$29,000 is to be used for the Atlantic Front.) All unexpended funds obligated under the original agreement remain available for costs authorized in the agreement.

4. All other terms and conditions of the original agreement, as amended, remain in full force and effect and apply equally to this amendment.

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The undersigned individuals represent that they are fully authorized to execute this agreement amendment on behalf of their respective organization.



Mario Sacasa  
Vice Coordinator of  
Administration and Finance



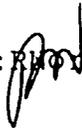
Ted D. Morse  
The Government of the  
United States of America  
Agency for International  
Development

FISCAL DATA:

Letter Agreement No: 594-0005-A-00-9006A  
Amount (this amendment) \$68,000  
Appropriation No.: 72-119/01038  
Budget Plan Code: VRR9-89-29594-HG84  
Project No.: 594-0000.02  
Reservation Control No.: H750001

Clearances:

GC/TFHA/W:RNeighan: RM Date: 7/31  
D/TFHA/H:RVenezia: m Date: 7/25  
C/TFHA/H: EG RTD Date: 7/25

drafted: TFHA/W: iega:0378D:07/24/89

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E.R.N. HUMAN RIGHTS TRAINING

AMENDMENT FIVE

Date: January 5, 1989

The purpose of this amendment is to amend the Human Rights Training Letter Agreement between the Agency for International Development and the Nicaraguan Democratic Resistance dated January 31, 1989. This amendment provides no additional funds under this agreement, which to date has totalled \$450,020 (Four Hundred Fifty Thousand and Twenty United States Dollars).

1. The grantee may use any unexpended funds provided previously under this agreement to pay authorized training costs from January 1, 1989, to January 31, 1990, consistent with the original agreement and according to the illustrative budget therein.

2. All other terms and conditions of the original agreement, as amended, remain in full force and effect and apply equally to this amendment.

The undersigned individuals represent that they are fully authorized to execute this agreement amendment on behalf of their respective organization.

  
Francisco Ruiz  
Nicaraguan Resistance

  
Ted D. Morse  
The Government of the  
United States of America  
Agency for International  
Development

Clearances:

GC/TFHA/W:RMeighan: R.M. Date: 1/05/89  
D/TFHA/H:RVenezia: (sub) Date: 1/04/89  
TFHA/H:SHaynes: (phone) Date: 1/04/89  
C/TFHA/H: \_\_\_\_\_ Date: \_\_\_\_\_

Drafted: TFHA/W:RMeighan:0378D:09/16/89

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ACTION MEMORANDUM FOR TFHA/W ACTING DIRECTOR, JOHN LOVAAS

FROM: *Robert B. Meighan*  
TFHA/W Deputy Director, Robert Meighan

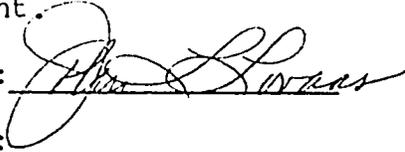
SUBJECT: Human Rights Training Grant - ANPDH

Problem Subject Grant involves a sole source selection of the Grantee and certain alterations in the A.I.D. standard grant format.

Discussion: Title IX of the Department of Defense Appropriations Act, 1989, provides humanitarian assistance to the Nicaraguan resistance. A part of that assistance consists of nonmilitary training with respect to the treatment of civilians and other armed forces personnel in accordance with internationally accepted standards of human rights. An existing organization, the Nicaraguan Association for Human Rights, Inc., (ANPDH), has provided such training in the past. It would be very difficult if not impossible for any other organization at this time to develop a similar working relationship and atmosphere of trust and confidence with the resistance. For that reason A.I.D. recognizes the special status of ANPDH in regard to the training of resistance members in this sensitive area, and A.I.D. will make a grant of program funds to the organization to carry out the training provided for in the statute. Because of the special nature of this program, training by a unique organization of a para-military entity in a remote area not always subject to regular program scrutiny, the Grant Agreement will have to contain special clauses not normally found in an A.I.D. grant instrument. It is recognized that many of the provisions will constitute departures from the principals and provisions contained in OMB Circular A-110, and that the degree of substantial involvement by A.I.D. in the activity is required because of the political nature of the program. Examples of clauses which have been tailored to meet the specific needs of this program are those dealing with reporting, drawdowns, audit, and procurement.

Recommendations: Section 9013 (d) of the 1989 Defense Department Appropriations Act gives the Task Force the authorities contained in Section 4 (e) of the prior legislation. That legislation was PL 100-276 dated April 1, 1988. The authority allows TFHA to expend its appropriation notwithstanding and without regard to the provisions of law and

regulations relating to the expenditure of Government funds. Pursuant to the delegation of authority signed by Administrator of A.I.D. on April 1, 1988, you have the authority to authorize such an expenditure. It is recommended that you hereby exercise that authority to approve the selection of ANPDH as the Grantee for this project, and the special provisions which have been written into the Grant Agreement.

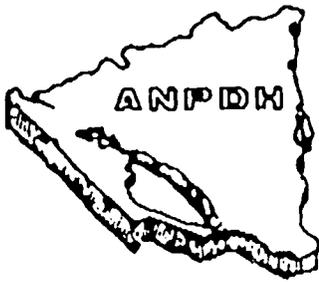
APPROVED: 

DISAPPROVED: \_\_\_\_\_

DATE: 12/29/88

Drafted by: TFHA: R<sup>My</sup>Meighan: ntc: 0975A

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ASOCIACION NICARAGUENSE PRO-DERECOS HUMANOS

FAX

To: Mr Megan : 647-0924

From: Marta Baltodano

Date: Nov 28

Phone number: 785-3961

Fax number 785-3962

ACTION-RM  
TM  
JL

## HUMAN RIGHTS DELEGATES

On October 1986 when the Nicaraguan Association for the Human Rights started its program within the Nicaraguan Resistance in order to promote and improve human rights behavior in the three military fronts, a structure was designed to carry out the Association's functions: monitoring and training.

Monitoring consists of observing the troops' behavior according to the general principles of War Laws, including an investigation of all alleged human rights abuses by Resistance members.

Training is an educational activity through which internationally accepted principles of protection to civil populations as well as the norms of the Geneva Agreements are taught to the troops.

In view of the structure of this program -a guerrilla mainly composed of illiterate peasants, continuously displacing in war zones and with a military hierarchy-, the Association decided to develop a support structure through which the program could be able to perform adequately.

Thus, it was decided -in consultation with the General Commander of the North Front- to name a human rights delegate in each Task Force and in each Regional Command in the North Front. These human rights delegates are military and belong to the Resistance. The candidates have been suggested by their corresponding Commanders and chosen by ANPDH from a list of three names presented. The better skilled, better behaved and the ones with better human qualities are appointed. Each delegate is then intensively trained so that he, in turn, may be able to train his fellow task force members. He receives training on how to carry out investigations and on how to make reports on his work.

To date there are 119 human rights delegates. From a total of 63 appointed in 1986, 60% has resigned or has been substituted by ANPDH because they were not fulfilling their functions satisfactorily. Many decided to withdraw because of the harassment that they received at the beginning from their commanders or their own colleagues. Their work conditions have improved noticeably as there are now better trained troops and the General Staff of the North Front is more understanding and supporting.

**WHY ANPDH DECIDED TO PERFORM ITS WORK WITH NON-INDEPENDENT MILITARY PERSONNEL INSTEAD OF WORKING WITH OBSERVERS AND CIVIL TRAINERS?**

Even though it would have been adequate to be able to perform this work with civil personnel with a professional higher level, reality forced us to design a different structure as this was the only way to do the job and obtain results. The point here was not to work on a civil rights observation and promotion program in an open, civil structure within a fixed territory in a peaceful situation. Reality was exactly the opposite. Any civil person appointed to do this job would have been rejected by the troops and he would have been unable to gain access to the bases. On the other hand, in a military structure with a defined discipline, the work to educate and monitor more than 10.000 men continually displacing could not have been performed by a ten-men team. There had to be a net of observers from the same community in order to avoid the natural rejection that feels any individual receiving "orientations" from someone alien to their own structure or to their familiar context.

Currently, the "community of human rights delegates" has been strengthened; they support each other and they have become a symbol of an

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activity that is becoming more important for the troops each day.

The human rights delegates are the materialization of the concepts that the troops are learning every day. The human rights delegates not only continue to train them on how to behave in a war situation, but also monitor that they behave correctly. If the 119 delegates cease to exist, the troops will think that the human rights aspect has lost importance and that respect to those principles is not as fundamental as before. And there will be precisely that perception because we are only in the middle of the process of human rights learning and the disappearance of the human rights delegates will represent an abrupt interruption of that process, since they are the intermediates of the Association before the troops.

It has to be said that ANPDH has been able to perform its work in the last two years, thanks to the economic independence and political autonomy of the Resistance; and the delegates have been efficient and effectively protected thanks to the moral and economic support granted by ANPDH. An opposite image would bring serious consequences for the men who have been doing this job, who would eventually desert and leave the troops in fear of retaliation.

Probably, if the situation gets to this extreme, the Association would not be able to efficiently develop this program as the delegates constitute the adequate structure to carry out the commitment to train and monitor the Resistance's troops. If they don't count with those means, the Association could abstain itself from continuing this project.

072

December 30, 1988

Director General Marta Patricia Baitodano  
Asociacion Nicaraguense Pro-Derechos Humanos  
3701 Massachusetts Ave., #601  
Washington, D.C. 20016

Subject: Grant No. OTR-0000-G-00-9028-00

Dear Dr. Baltodano:

Pursuant to the authority contained in Title IX of the Department of Defense Appropriations Act, 1989 which is to provide assistance and support for peace, democracy, and reconciliation in Central America, the Agency for International Development (hereinafter referred to as "A.I.D." or "Grantor") hereby grants to the Asociacion Nicaraguense Pro-Derechos Humanos, (hereinafter referred to as "Recipient" or "ANPDH") the sum of \$490,000 to provide support for ANPDH's Human Rights training program. This is more fully described in Enclosure 2 entitled, "Program Description."

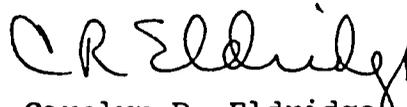
This Grant is effective, and obligation is made as of December 30, 1988 and shall apply to commitments made by the Recipient in furtherance of program objectives, through the estimated completion date of May 30, 1989.

This Grant is made to the Recipient on condition that the funds will be administered in accordance with the terms and conditions as set forth in this Cover Letter, Enclosure 1 entitled "Schedule," Enclosure 2 entitled "Program Description," Enclosure 3 entitled "Standard Provisions," which together constitute the complete Grant document and have been agreed to by your organization.

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Please acknowledge receipt of this Grant by signing all copies of this Cover Letter, retaining one set for your files, and returning the remaining copies to the undersigned.

Sincerely,



Carolyn R. Eldridge  
Grant Officer  
Management Services Branch  
Office of Procurement

Enclosures:

1. Schedule
2. Program Description
3. Standard Provisions
4. OMB Circular A-122, "Cost Principles for Nonprofit Organizations"

ACCEPTED BY: ASOCIACION NICARAGUENSE PRO-DERECHOS HUMANOS

Name: Myra Torres  
Title: Secretary  
Date: January 11, 89  
Executive Director

Fiscal Data

PIO/T NO: 89002  
APPROPRIATION NO: 72-1191038  
BUDGET PLAN CODE: VRRRA-89-29594-HG84  
THIS OBLIGATION: \$490,000  
TOTAL OBLIGATION: \$490,000  
TOTAL ESTIMATED AGREEMENT AMOUNT: \$490,000  
DUNS NO: 19-623-4256  
A.I.D. PROJECT OFFICER: Roger Noriega, TFHA/W  
RESCON NO: R900001

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Enclosure No. 1

SCHEDULE

A. Purpose of Grant

The purpose of this Grant is to provide support for ANPDH's training program which provides nonmilitary training for members of the Nicaraguan Resistance with respect to their treatment of civilians and other armed forces personnel, in accordance with internationally accepted standards of human rights.

The above is more specifically described in Enclosure 2 entitled "Program Description." In the event of an inconsistency between the program description and this schedule, the schedule and then the program description shall take precedence.

B. Period of Grant

1. The effective date of this Grant is December 30, 1988. The expiration date of this Grant is May 30, 1989.

2. Notwithstanding the effective date of this Grant, and subject to the Mandatory Standard Provision entitled "Allowable Costs," costs incurred on or after October 1, 1988 shall qualify as allowable costs to be included under this Grant. Such costs are included in Section E. Budget.

C. TFHA Project Managers

Mr. Don Enos, Deputy Director of TFHA/Honduras, is the project manager for TFHA/H. He is responsible for the management and implementation of the program in Honduras.

Mr. Ray Baum, is the project manager for TFHA/CR. He is responsible for the management and implementation of the program in Costa Rica.

D. Amount of Grant and Payment

1. A.I.D. hereby obligates the amount of \$490,000 for the purposes of this Grant.

2. Payment shall be made to the Recipient in accordance with the following procedures: provisions for establishing and maintaining a Special Bank Account shall apply, A.I.D will reimburse the recipient not more often than monthly in order to replenish the advance funds, and such replenishment shall be made upon the submission of voucher forms SF 1034 and 1034-A.

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3. Payment In Honduras: Upon inception of this Grant, the ANPDH controller will present a budget to the TFHA/H Project Manager projecting its recurring operating expenses and initial procurement costs in Honduras for the first 60 days of this program. Every thirty days thereafter, ANPDH will present a budget to the TFHA/H Project Manager projecting its recurring operating expenses for the next thirty days. These budgets will be certified by the A.I.D. non-federal auditors (Price-Waterhouse) as being consistent with this agreement. The TFHA/H controller will then authorize the payment of that sum in lempiras to a separate ANPDH bank account established to accept funds for this program. ANPDH will make payments for authorized goods and services and provide justification and all receipts to the TFHA/H Project Manager. Every 30 days, Price-Waterhouse will certify for A.I.D. those expenses incurred under this program and the TFHA/H controller will rely on that certification to request replenishment for recurring costs.

4. Payment In Costa Rica: Upon inception of this Grant, the ANPDH controller will present a budget to the TFHA/CR Project Manager projecting its recurring operating expenses and initial procurement costs in Costa Rica for the first 60 days of this program. Every thirty days thereafter, ANPDH will present a budget to the TFHA/CR Project Manager projecting its recurring operating expenses for the next thirty days. These budgets will be certified by the A.I.D. non-federal auditors (Price-Waterhouse) as being consistent with this agreement. The USAID/CR controller will request authorization to disburse under the agreement for the initial amount from the TFHA/H controller and authorize the payment of that sum in colones to a separate ANPDH bank account established to accept funds for this program. ANPDH will make payments for authorized goods and services and provide justification and all receipts to TFHA/CR Project Manager. Every 30 days, Price-Waterhouse will certify for A.I.D. those expenses incurred under this program and USAID/CR controller will rely on that certification to request replenishment for recurring costs.

5. Use of Funds Funds under this program will be used to support only those activities related directly to training. The ANPDH controller is responsible for justifying which expenditures (or portions thereof) are attributable to this training program and can thereby be covered with funds under this grant. The TFHA/H project manager will provide administrative approval for all vouchers.

6. Reimbursement for Retroactive Costs The total amount of this agreement shall include reimbursement for costs incurred by ANPDH relating to eligible human rights training activities conducted since October 1, 1988, and subject to certification by the A.I.D. non-federal auditor, Price-Waterhouse. Only those costs which are allowable under the applicable cost principles (i.e. OMB Circular A-122) qualify as valid costs for reimbursement during the period from October 1, 1988.

ANPDH will, upon acceptance of this grant, present to the program manager in TFHA/H a summary of justifiable training costs from October 1, 1988 up to the effective date of this agreement. Price-Waterhouse will be given access to all receipts and other records to determine which costs are eligible for reimbursement and will expeditiously certify to the TFHA/H controller what amount should be set aside for justification so as not to delay the certification of justifiable expenses.

In the event these costs have already been paid by another Government Agency, A.I.D. will reimburse that agency for the allowable costs.

7. Training Benchmarks ANPDH shall meet with the TFHA program managers in the respective countries (i.e., Honduras and Costa Rica) for the purpose of establishing benchmarks by which the training program's monthly progress will be measured.

8. At no time shall any member of the Nicaraguan Resistance receive payment of any kind, for any reason, under this training program.

E. Budget

The following is the Budget for this Grant. Revisions to this Budget shall be made in accordance with the Standard Provision of this Grant entitled "Revision of Grant Budget."

SUMMARY OF BUDGET  
(October 1, 1988 - May 30, 1989)

	Costa Rica	Honduras	Total
Recurring Costs	\$87,395	\$200,250	\$287,645
Commodities	27,780	34,502	62,282
Retroactive Costs	30,000	70,000	100,000
Miscellaneous	6,073	34,000	40,073
TOTAL	<u>\$151,248</u>	<u>\$338,752</u>	<u>\$490,000</u>

SUMMARY OF MONTHLY RECURRING COSTS

Technical Assistance:	<u>Costa Rica</u>	<u>Honduras</u>	<u>Total</u>
Personnel	\$5,026	\$7,845	\$12,871
Intl. Travel	600	600	1,200
Local Travel	1,600	2,350	3,950
Vehicle Rental	1,400	1,000	2,400
Seminars	1,400	6,890	8,290
TOTAL:	<u>\$10,026</u>	<u>\$18,685</u>	<u>\$28,711</u>
Program Management:	<u>Costa Rica</u>	<u>Honduras</u>	<u>Total</u>
Personnel	\$3,358	\$6,935	\$10,293
Vehicle Rental	0	750	750
Rent	660	900	1,560
Utilities	60	180	240
Postage	50	50	100
Courier Service	150	750	900
Telephone/Fax	750	2,500	3,250
Vehicle Maint.	150	800	950
Other Costs	400	1,650	2,050
Transl Svcs	275	1,250	1,525
Emp. Soc. Ben.	1,600	2,600	4,200
Indep. Aud.	0	3,000	3,000
TOTAL:	<u>\$7,453</u>	<u>\$21,365</u>	<u>\$28,818</u>
Total Recurring Costs:	\$17,479	\$40,050	\$57,529

SUMMARY OF ONE TIME COSTS

Procurement:	<u>Costa Rica</u>	<u>Honduras</u>	<u>Total</u>
Equipment	\$1,730	\$23,510	\$25,240
Furniture	1,050	1,992	3,042
Classroom Const.	0	9,000	9,000
Printing	25,000	0	25,000
TOTAL:	<u>\$27,780</u>	<u>\$34,502</u>	<u>\$62,282</u>

RETROACTIVE COSTS  
(Since October 1, 1988)

Estimate of Eligible Costs: \$100,000

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Notes to Budget:

1. This budget may be adjusted monthly subject to the approval of the TFHA/H and TFHA/CR Project Managers.
2. Funds under this program will be used to support only those activities related directly to training, as described in the Program Description. The ANPDH Controller is responsible for justifying which expenditures (or portions thereof) are attributable to this program and can thereby be covered with funds under this Grant. The Program Managers will provide administrative approval of all vouchers.
3. Prior to the procurement of equipment, a list of items to be procured must be submitted, reviewed, and approved by the the TFHA Program Managers.

F. Reporting/Monitoring

1. Monthly/Quarterly Reports:

ANPDH shall provide an initial report of all training activities performed since October 1, 1988. Thereafter, ANPDH shall provide a monthly report in English to TFHA/H and TFHA/CR which shall be due not later than the tenth calendar day following the month. The report shall address at least the following:

- a. A narrative description of the activities during the month and reports of the numbers of individuals receiving various types of training.
- b. Major problems encountered and the proposed solutions thereto.
- c. An analysis of performance in terms of meeting training benchmarks established in consultation with the TFHA/H and TFHA/CR program managers.
- d. Objectives for the following month.
- e. Financial status report summarizing expenditures for the month against the major line items.

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## 2. Interim Reporting

Prior to the required final performance reporting date, events may occur that have significant impact upon the project. In such instances, the recipient shall inform the Grant and Project Managers as soon as the following types of conditions become known:

a. Problems, delays, or adverse conditions that will materially affect the ability to attain program objectives, prevent the meeting of time schedules and goals, or preclude the attainment of project work activities by the established time period. This disclosure shall be accompanied by a statement of the action taken, or contemplated, and any assistance needed to resolve the situation.

b. Favorable developments or events that enable time schedules to be met sooner than anticipated or more work activities to be performed than originally projected.

3. Final Report: A final, end-of-project report will be required via a format to be provided to the Recipient at a later date.

4. Site Monitoring: From time-to-time A.I.D. officers and/or their representatives will, with prior notification to ANPDH, visit selected project sites.

## G. Title to Property

Title to all property purchased under this Grant shall be vested in the Recipient and subject to the Standard Provision entitled "Title to and Use of Property (Grantee Title)." Within 30 days after the end of the agreement, ANPDH shall propose disposition of the property to the Project Manager of TFHA/W for approval. A.I.D. may direct that title to property be transferred to A.I.D. or to a third party. Equipment purchased with program funds will be used exclusively for program purposes.

## H. Special Provisions

1. Travel and Per Diem: That portion of costs for travel relating to training activities may be reimbursed under this grant. Grantee shall promptly inform the TFHA program manager of international travel involving the use of A.I.D. funds under this grant. Payment of per diem involving international travel will be based upon the U.S. Standardized Government Travel Regulations. An updated schedule will be provided to the recipient. Payment of per diem for local travel will be based on a schedule prepared by ANPDH and approved in advance by the TFHA program managers.

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2. Use of Task Force Helicopter Services The helicopter services contracted by TFHA may be requested for delivery of equipment and training instructors if absolutely required to operate effectively. ANPDH must provide TFHA/H with sufficient advance notice (at least 48 hours) and the proposed itinerary. Use of helicopters remains at the discretion of D/TFHA/H.

3. Personnel Decisions: ANPDH is expected to promptly inform the local TFHA Program Manager of personnel decisions affecting this training program.

4. Classrooms: Construction of classrooms should be cleared by TFHA/H. Equipment for classrooms (i.e. video players and monitors, generators) will be procured by ANPDH, in consultation with the TFHA Program Manager to ensure compatibility with other equipment purchased with A.I.D. funds. ANPDH should purchase equipment only when it is certain that the classroom facilities in which they are to be used are established and operable.

5. Financial Management ANPDH is responsible for sound financial management to ensure the effective use of these funds for the purposes reflected herein. ANPDH will maintain financial records, including documentation to support entries on accounting records, and will substantiate financial charges against this agreement in accordance with generally accepted accounting practices. All such financial records shall be maintained for at least three years after final disbursement of funds under this agreement. ANPDH agrees to make available to A.I.D. and to the Comptroller General of the United States all records and documents which support expenditures under this agreement. ANPDH will immediately reimburse A.I.D. for amounts claimed and paid which are subsequently determined not to be eligible expenses under this program.

6. Audit: A monthly financial and compliance audit of the use of funds, internal control of funds, and compliance with agreement terms, laws, and regulations shall be made by ANPDH's external auditors which have been cleared by A.I.D.'s Office of Regional Inspector General. The audit shall be conducted in accordance with the U.S. General Accounting Office Standards for Audit of Governmental Organizations, Programs, Activities and Functions (1981 Revision). This audit shall be subject to review by the U.S. General Accounting Office and the A.I.D. Inspector General, or their designated representatives, for compliance with the above-mentioned standards. Funds for the external audit are included in this Grant.

7. Special Provisions to resolve Price Waterhouse Audit:

A. Since ANPDH is not legally registered with the Government of Honduras, ANPDH is required to continue its efforts toward registration in Honduras.

B. Since ANPDH does not have a system for budgetary execution, ANPDH is required to strictly comply with the requirements of Schedule Provision C.2, C.3, C.4, and C.5. to ensure a monthly accounting of the use of grant funds.

C. Since ANPDH has a large number of people under contract, A.I.D. funds will only be used to support positions expressly authorized in this grant or as otherwise approved by the TFHA Project Managers.

D. ANPDH is required to issue checks directly to its suppliers/contractors under this grant and never through one of its employees.

E. Summaries of expenses under this grant must be reviewed and approved by ANPDH top management.

F. No ANPDH delegates will be funded under this grant.

G. ANPDH must retain written documentation for procurements over \$500 to demonstrate competition received.

H. ANPDH is required to comply with host country currency regulations when paying contractors.

Enclosure 2

Program Description

I. Definition:

To provide assistance to ANPDH in their training program for members of the Nicaraguan Resistance with respect to treatment of civilians and other armed forces personnel, in accordance with internationally accepted standards of human rights. The training includes explanations of the international conventions and protocols that address the behavior of combatants in rules of engagement, treatment of noncombatants, treatment of prisoners of war, and other relevant issues.

II. Purpose:

1) To provide approximately 6,000 members of the Nicaraguan Resistance with instructions in the four Geneva Conventions and their protocols, the Universal Declaration of Human Rights, the International Rules for Combatants on the Treatment of the Civilian Population, the Soldier's Handbook, and a description of various laws enforcing these principles.

2) Courses will be offered to units on the Northern, Atlantic, and Southern fronts. Instruction will be at a level commensurate with the educational background of the students. In addition to a basic course designed to introduce human rights concepts, specialized courses will be offered to augment previous training. Special courses will be held to provide intensive instruction for delegates.

III. Objectives:

To provide 6,000 members of the Nicaraguan Resistance with the basic knowledge of the proper treatment of non-combatants, prisoners of war, and others. To continue the independent training activities of ANPDH, consistent with the policy of the United States Government to promote respect for the human rights and civilian property by the Nicaraguan Resistance. To reinforce classroom learning by training delegates of the Association to impart human rights lessons at the task force level.

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IV. Principal Activities:

- 1) Construct or remodel suitable classrooms in Honduras (Four in Nicaraguan Resistance camps in Eastern Honduras; two in the Mosquitia and one in Bocay)
- 2) Equip classrooms with video players and monitors, amplifiers, and generators to facilitate effective instruction.
- 3) Provide students with relevant teaching materials in Spanish or other appropriate dialects.
- 4) Provide instructors in the numbers and with the teaching skills necessary to provide effective training at each site as scheduled. Instructions will be offered in Spanish or other appropriate dialects, depending on the trainees.
- 5) Conduct regular training courses over a five month period, according to the following tentative plan:
  - a. Northern Front  
63 basic courses, 40 students per course; 2,520 total  
40 specialized courses, 50 students per course; 2,000 total.
  - b. Atlantic Front  
20 basic courses, 30 students per course; 600 total  
12 specialized courses, 30 students per course; 360 total
  - c. Southern Front  
12 basic courses, 25 students per course; 300 total
- 6) Rent one crew-cab four-wheel drive vehicle for use in Honduras needed for the transportation of instructors, students, and supplies. If necessary, rent microbus for transportation of students in Costa Rica.
- 7) Coordinate instruction schedules with commanders of the Nicaraguan Resistance to ensure the participation of the students as scheduled.
- 8) Consult with the TFHA program manager in the respective country in order to minimize duplication in curriculum, physical plant, and associated costs and maximize the impact of other A.I.D.-funded training programs. Any steps taken in this regard is subject to agreement as to feasibility by all parties involved.

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9) Operate in consoling with local laws and be sensitive to the cultural aspects of the host countries.

V. Program Personnel:

ANPDH will provide qualified individuals to perform the following functions, at the total cost reflected in the budget in the schedule and in ANPDH's proposal. These figures can fluctuate depending upon the needs or requirements that can emerge as the program develops. Individuals who are ineligible for funding under this program because of their status as members of the Resistance may assist in field and classroom activities.

Honduras Training Staff: One Honduras Chief (70% of time), one Instructor/Mosq.Chief (70% of time), one instructor/legal advisor, seven instructors, one training support, and two training support/interpreters.

Costa Rica Staff: One training chief (70% of time) and three to four instructors.

The management staff for Honduras consists of 15 individuals. The management staff for Costa Rica consists of 5 individuals.

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LTD  
FYI

JAN 30 1989

Director General Marta Patricia Baltodano  
Asociacion Nicaraguense Pro-Derechos Humanos  
3701 Massachusetts Ave., #601  
Washington, D.C. 20016

Subject: Grant No. OTR-0000-G-00-9028-00  
Amendment No. 01

Dear Dr. Baltodano:

Pursuant to the authority contained in Title IX of the Department of Defense Appropriations Act, 1989 which is to provide assistance and support for peace, democracy, and reconciliation in Central America, the Agency for International Development (hereinafter referred to as "A.I.D." or "Grantor") hereby amends the subject Grant. The purpose of this amendment is to incorporate an addendum to the budget, revise the budget, and delete the requirement for an external audit.

The specific changes are as follows:

Schedule

1. In section E. Budget, incorporate the following information as an addendum to the budget.

"ADDENDUM TO THE BUDGET

Payments of certain preapproved costs in dollars

Salaries for four designated staff members and other costs preapproved by TFHA/H project manager will be paid in U.S. dollars. ANPDH will submit a separate request for a dollar advance to the TFHA/H controller (to cover all preapproved costs for a 60-day period) at the same time that it requests the initial 60-day advance of lempiras for other activities, as described in this grant. Upon certification of request as described herein, the TFHA/H controller shall authorize and request the payment of a dollar check in the aggregate amount to be delivered to TFHA/H. The check will then be forwarded to the Recipient for deposit in a separate ANPDH dollar account maintained in Costa Rica. ANPDH is responsible for making authorized payments and will maintain separate records for these dollar payments, including receipts from paid individuals. The dollar advance will be replenished by the TFHA/H controller in the same manner described in the grant for other advances.

*[Handwritten signature]*

Training Positions and Salaries  
Honduras

<u>Position</u>	<u>L/mo.*</u>	<u>\$/mo.**</u>
Honduras Chief	#	\$1,400#
Instruc/Mosq. Chief	#	1,330#
Instruc/Legal Adv.	L3,000	1,500
Instructor	2,500	1,250
Instructor	800	400
Instructor	330	165
Instructor	300	150
Training Support	300	150
Trng. Suprt/Interp.	300	150
<u>Trng. Suprt/Interp.</u>	<u>300</u>	<u>150</u>
13 persons	L10,230	\$7,845

Costa Rica

<u>Position</u>	<u>C/mo.*</u>	<u>\$/mo.**</u>
Training Chief	C125,310	\$1,666
Instructor	63,200	840
Instructor	63,200	840
Instructor	63,200	840
<u>Instructor@</u>	<u>63,200</u>	<u>840</u>
5 persons	C378,110	\$5,026

\* Lempiras/Colones per month, as applicable. This figure represents salary received under this program only.

\*\* Estimated dollar equivalent per month, based on official exchange rate. In Costa Rica, 5% increase is built into dollar figure to accomodate change in exchange rate.

# These salaries to be paid in U.S. dollars.

@ This position is authorized; however, it should not be filled until the training activities in Costa Rica justify an additional instructor, in consultation with TFHA/CR.

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Management Positions and Salaries  
Honduras

<u>Position</u>	<u>% on Training+</u>	<u>L/mo.*</u>	<u>\$/mo.**</u>
Director General	20	#	\$ 721#
Accountant	80	2,472	1,236
Administrator	80	#	1,200
Administrator's Asst.	80	1,224	612
Dir. Genl's Asst.	80	1,280	640
Secretary	80	680	340
Secretary	80	480	240
Secretary	80	480	240
Driver	80	652	326
Driver	80	560	280
Security Guard/ Watchman	80	440	220
Security Guard/ Watchman	80	440	220
Security Guard/ Watchman	80	440	220
Security Guard/ Watchman	80	440	220
Receptionist	80	480	240
Janitor	80	240	120
16 persons		L10,308	\$7,075

Costa Rica

<u>Position</u>	<u>% on Training+</u>	<u>L/mo.*</u>	<u>\$/mo.**</u>
Controller	80	C101,120	\$1,344
Accountant	80	69,520	924
Secretary	80	33,369	444
Security Guard/ Janitor	100	24,332	323
Driver/Messenger	100	24,332	323
5 persons		C252,673	\$3,358

+ This is the percentage of time spent by each person on training activities under this program. Price-Waterhouse will ascertain that the percentage levels are justifiable for each position; if necessary, the portion of any salary attributed to this training activity will be adjusted accordingly.

\* Lempiras/Colones per month, as applicable. This figure represents salary received under this program only.

\*\* Estimated dollar equivalent per month, based on official exchange rate.

These salaries-to be paid in U.S. dollars."

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2. In Section E. Budget, delete the SUMMARY OF BUDGET in its entirety and substitute the following in lieu thereof:

"SUMMARY OF BUDGET  
(October 1, 1988 - May 30, 1989)

	<u>Costa Rica</u>	<u>Honduras</u>	<u>Total</u>
Recurring Costs	\$ 87,395	\$200,950	\$288,345
Commodities	27,780	34,502	62,282
Retroactive Costs	30,000	70,000	100,000
Miscellaneous	6,073	33,300	39,373
TOTAL	<u>\$151,248</u>	<u>\$338,752</u>	<u>\$490,000"</u>

3. Also in Section E. Budget, delete the SUMMARY OF MONTHLY RECURRING COSTS BUDGET in its entirety and substitute the following in lieu thereof:

"SUMMARY OF MONTHLY RECURRING COSTS

Technical Assistance:	<u>Costa Rica</u>	<u>Honduras</u>	<u>Total</u>
Personnel	\$ 5,026	\$ 7,845	\$12,871
Intl. Travel	600	600	1,200
Local Travel	1,600	2,350	3,950
Vehicle Rental	1,400	1,000	2,400
Seminars	1,400	6,890	8,290
TOTAL:	<u>\$10,026</u>	<u>\$18,685</u>	<u>\$28,711</u>
 Program Management:	 <u>Costa Rica</u>	 <u>Honduras</u>	 <u>Total</u>
Personnel	\$3,358	\$7,075	\$10,433
Vehicle Rental	0	750	750
Rent	660	900	1,560
Utilities	60	180	240
Postage	50	50	100
Courier Service	150	750	900
Telephone/Fax	750	2,500	3,250
Vehicle Maint.	150	800	950
Other Costs	400	4,650	5,050
Transl Svcs	275	1,250	1,525
Emp. Soc. Ben.	1,600	2,600	4,200
TOTAL:	<u>\$ 7,453</u>	<u>\$21,505</u>	<u>\$28,958</u>
 Total Recurring Costs:	 \$17,479	 \$40,190	 \$57,669"

4. In Section H. Special Provisions, delete paragraph 6. Audit in its entirety.

5. Re-number paragraph 7. Special Provision to resolve Price Waterhouse Audit to show as paragraph 6.

Please acknowledge receipt of this Grant by signing all copies of this Cover Letter, retaining one set for your files, and returning the remaining copies to the undersigned.

Sincerely,



Carolyn R. Eldridge  
Grant Officer  
Management Services Branch  
Office of Procurement

ACCEPTED BY: ASOCIACION NICARAGUENSE PRO-DERECOS HUMANOS

Name: Supratonauof  
Title: Executive Director  
Date: February 18, 89

Fiscal Data

PIO/T NO: N/A  
APPROPRIATION NO: N/A  
BUDGET PLAN CODE: N/A  
THIS OBLIGATION: -0-  
TOTAL OBLIGATION: \$490,000  
TOTAL ESTIMATED AGREEMENT AMOUNT: \$490,000  
DUNS NO: 19-623-4256  
A.I.D. PROJECT OFFICER: Roger Noriega, TFHA/W  
RESCON NO: R900001

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Director General Marta Patricia Baltodano  
Asociacion Nicaraguense Pro-Derechos Humanos  
Tegucigalpa, Honduras

May 30, 1989

Subject: Grant No. OTR 0000-G-00-9028-00  
Amendment No. 02

Dear Dr. Baltodano:

The purpose of this amendment is to extend the subject Grant Agreement through October 31, 1989 and to delete the requirement that the A.I.D. nonfederal auditor, Price Waterhouse, be required to certify eligibility of retroactive costs for reimbursement.

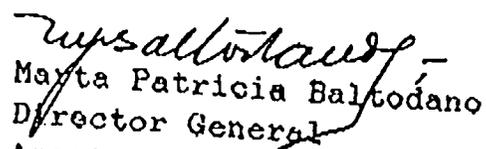
The specific changes are as follows:

1. The original agreement is amended to increase the amount of the grant by \$230,676 (Two Hundred Thirty Thousand Six Hundred Seventy Six Dollars). The grantee agrees to use these additional resources to sustain the current level of human rights training activities as described in the original agreement.
2. Delete B.1. in its entirety and substitute:  
"1. The effective date of this Grant is December 30, 1988. The expiration date of this Grant is October 31, 1989."
3. The additional funds provided herein are to pay any authorized costs from June 1, 1989, to September 30, 1989, consistent with Amendment 1 of the original Grant Agreement and according to the illustrative budget contained therein. Funds obligated under the original agreement remain available for any authorized costs.
4. Delete in its entirety D.6. Reimbursement for Retroactive Costs. and substitute:  
"6. Reimbursement for Retroactive Costs The total amount of this agreement shall include reimbursement for costs incurred by ANPDH relating to eligible human rights training activities conducted since October 1, 1988. Only those costs which are allowable under the applicable cost principles (i.e. OMB Circular A-122) qualify as valid costs for reimbursement during the period from October 1, 1988.

ANPDH will present to the Project Officer in TFHA/H a summary of justifiable training costs from October 1, 1988-December 30, 1988. ANPDH will certify that those costs were incurred relating directly to eligible human rights training activities. Reimbursement for those expenses will be made directly to ANPDH.

5. All other terms and conditions of the original agreement, as amended, remain in full force and effect and apply equally to this amendment.

The undersigned individuals represent that they are fully authorized to execute this agreement on behalf of their respective organization.

  
Mayra Patricia Baltodano  
Director General

Asociacion Nicaraguense Pro-Derechos Humanos



Leonel Pizarro  
Procurement Officer  
TFHA/H

Fiscal Data:

PJO/T No.	
Appropriation No:	
Budget Plan Code:	
This Obligation:	
Total Obligation:	\$230,676
Total Estimated Agreement Amount:	\$720,676
Duns No.	\$720,676
A.I.D. Project Officer:	19-623-4256
Rescon No.	Stephen L. Haynes, TFHA/H R900001

Clearance: DEnos  
KRomwall

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APPROVED 

September 21, 1989

Director General Marta Patricia Baltodano  
Asociacion Nicaraguense Pro-Derechos Humanos  
Tegucigalpa, Honduras

Subject: Grant No. OTR-0000-G-00-8028-00  
Amendment No. 4

Dear Dr. Baltodano:

The purpose of this amendment is to extend the subject Grant Agreement through March 31, 1990 and to provide funding through December 31, 1989.

The specific changes are as follows:

1. The original agreement is amended to increase the amount of the grant by \$173,000 (one hundred seventy three thousand dollars). When added to prior Grant funding of \$720,676, this increment will increase total Grant funding to \$893,676. The grantee agrees to use these additional resources to sustain the current level of human rights training activities as described in the original agreement.

2. Delete B.1. in its entirety and substitute:

"1. The effective date of this Grant is December 30, 1988. The expiration date of this Grant is March 31, 1990."

3. The additional funds provided herein are to pay any authorized costs from October 1, 1989 to December 31, 1989, consistent with Amendment 1 of the original Grant Agreement and according to the illustrative budget contained therein. Of these incremental funds, up to \$120,565 is to be used for Honduras and up to \$52,435 is to be used for Costa Rica for authorized activities. Funds obligated under the original agreement and subsequent amendments remain available for any authorized costs.

All other terms and conditions of the original agreement, as amended, remain in full force and effect and apply equally to this amendment.

253

The undersigned individuals represent that they are fully authorized to execute this agreement on behalf of their respective organization.

*Marta Patricia Baítodano*  
Marta Patricia Baítodano  
Director General

Asociacion Nicaraguense Pro-Derechos Humanos

*Leonel Pizarro*

Leonel Pizarro  
Procurement Officer  
TFHA/H

**Miscal Data:**

Appropriation No.	72-118/01038
Budget Plan Code	VRR98929594HG84
His Obligation	\$173,000
Total Obligation	\$893,676
Total Estimated Agreement Amount	\$893,676
J.D. Project Officer	Stephen L. Haynes, TFHA/H
Person No.	H750002

Reference: From Wall  
DENOS  
RNoriega  
Rmeighan  
Noted: SHaynes

~~draft~~ ✓  
~~draft~~  
~~none~~  
*ra* 9/21/89  
9/22/89

Pending -  
Signature

(Action Request) CC: TM  
RM

January 31, 1990

Director General Marta Patricia Baltodano  
Asociación Nicaraguense Pro-Derechos Humanos  
Tegucigalpa, Honduras

Subject: Grant No. OTR-0000-G-00-9028-00  
Amendment No. 6

Dear Dr. Baltodano:

The purpose of this amendment is to provide a no cost extension to the subject Grant Agreement.

The specific changes are as follows:

1. Funds obligated under the original Grant Agreement and subsequent amendments (\$893,676), but not expended as of December 31, 1989, may be used to continue to provide human rights training activities as described in the original agreement.
2. The unexpended funds are to pay any authorized costs from February 1, 1990 to April 30, 1990. ANPDH will submit to TFHA/H a budget and workplan for approval by TFHA/H for the period of the extension.
3. All other terms and conditions of the original agreement, as amended, remain in full force and effect and apply equally to this amendment.

25

The undersigned individuals represent that they are fully authorized to execute this agreement on behalf of their respective organization.

Marta Patricia Baltodano  
Director General  
Asociacion Nicaraguense Pro-Derechos Humanos

Leonel Pizarro  
Procurement Officer  
TFHA/H

**FIGURE DATA:**

Appropriation No.	
Budget Plan Code	
This Obligation	.\$0
Total Obligation	\$893,676
Total Estimated Agreement Amount	\$893,676
A.I.D. Project Officer	Stephen L. Haynes, TFHA/H
Reacon No.	H750002

Clearance: CJCaia \_\_\_\_\_  
          DEnos \_\_\_\_\_  
          RNoriega \_\_\_\_\_  
          RMeighan \_\_\_\_\_  
          RVenezia \_\_\_\_\_

Drafted: SHaynes

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

PHASE III  
COSTA RICA MEDICAL  
LETTER AGREEMENT  
AMENDMENT 2

DATE: June 15, 1989

This is to amend the Phase III Costa Rica Medical Letter Agreement between the Agency for International Development (A.I.D.) and the Nicaraguan Democratic Resistance (NDR) dated May 1, 1989 for essential medical supplies and services in Costa Rica. The Agreement is hereby amended to include the following changes:

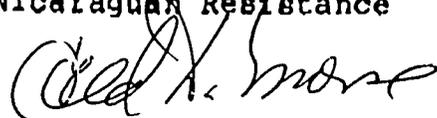
1. The Grant is increased by \$380,000 (Three Hundred Eighty Thousand United States Dollars), which when added to the original agreement of \$248,000, will increase the maximum to \$628,000 (Six Hundred Twenty Eight Thousand United States Dollars). These funds are payable in Costa Rican colones, to finance the cost of, or to reimburse Grantee for the cost of allowable expenses of goods and services associated with providing essential medical treatment for Nicaraguan Resistance combatants and their family members in Costa Rica.
2. Funds provided under this amendment are to be used to cover necessary and reasonable costs as shown in the attached budget incurred up to September 30, 1989.
3. The Grantee continues with its appointed representative in Costa Rica (as stated in Amendment 1), to request and receive funds under the Grant, and to administer the program.
4. Attached is an Illustrative Budget in Colones. For illustrative purposes the exchange rate of 80.0 colones to the dollar prevails. In the event that the actual exchange rate differs from the aforementioned rate at the time the exchange from colones to dollars is made, the actual dollar value shall prevail.



5. All other terms and conditions of the original agreement remain in full force and effect, and apply equally to this amendment. Each of the undersigned individuals represents that he is fully authorized to execute this agreement on behalf of his respective organization.



Mario Sacasa  
Vice Coordinator  
Administration and Finance  
Nicaraguan Resistance



Ted D. Morse  
The Government of the United  
States of America  
through  
Agency for International  
Development

FISCAL DATA:

Letter Agreement No.: 594-0005-A-00-9804-02  
Appropriation No.: 72-119/01038  
Budget Plan Code: VRR98929594 HC-84  
Project No.: 594-0005.0  
Reservation Control No.: M560001  
Element No.: 56 Medical:Costa Rica Grant  
Amount: \$380,000

Funds Available

*Rolando / Per Tyme. 07598/5/8/89*  
Linda Carpen-Doe, TPFA Controller

14-Jun-89

COSTA RICA MEDICAL PROGRAM

EXCHANGE RATE: COLONES TO DOLLARS = 80:1	TOTAL THRU JUNE	JULY THRU SEPTEMBER	TOTAL THRU SEPTEMBER
1. GENERAL MEDICAL EXPENSES	11,000,000	16,500,000	27,500,000
2. POST-RECOVERY HOUSE			
A. RENT	138,075	217,000	355,075
B. FOOD/HYGIENE	240,000	390,000	630,000
C. UTILITIES	30,000	45,000	75,000
SUBTOTAL.....	408,075	652,000	1,060,075
3. RECUPERATION HOUSE			
A. RENT	700,000	1,050,000	1,750,000
B. FOOD/HYGIENE	1,800,000	3,105,000	4,905,000
C. UTILITIES	70,000	165,000	235,000
D. BLANKETS/MATTRESSES	130,000	345,000	475,000
E. CLOTHING	1,000,000	1,500,000	2,500,000
F. MAINTENANCE & MISC.	300,000	450,000	750,000
SUBTOTAL.....	4,000,000	6,615,000	10,615,000
4. VEHICLE RENTAL, MAINTENANCE, FUEL, AND TRANSPORTATION	1,750,000	2,850,000	4,600,000
5. ADMINISTRATIVE & COORDINATION COSTS & ACCOUNTING SERVICES	1,550,000	2,325,000	3,875,000
6. INTERNATIONAL TRAVEL (PATIENTS)	120,000	40,000	160,000
7. TRAINING FOR THE DISABLED	800,000	1,200,000	2,000,000
ROUNDED	211,925	218,000	429,925
TOTAL COLONES	19,840,000	30,400,000	50,240,000
DOLLAR EQUIVALANT	248,000	380,000	628,000

**UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523**

**PHASE III**

**COSTA RICA MEDICAL**

**LETTER AGREEMENT**

**AMENDMENT 5**

**DATE:** October 23, 1989

This is to amend the Phase III Costa Rica Medical Letter Agreement between the Agency for International Development (A.I.D.) and the Nicaraguan Democratic Resistance (NDR) dated May 1, 1989 for essential medical supplies and services in Costa Rica. The Agreement is hereby amended to include the following changes:

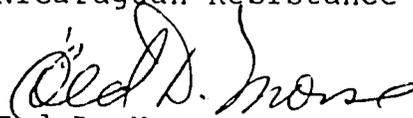
1. The Grant is increased by \$8,000 (Eight Thousand United States Dollars), which when added to obligations already made under this agreement totaling \$1,048,000 (One Million Forty Eight Thousand United States Dollars), will increase the maximum to \$1,056,000 (One Million Fifty Six Thousand United States Dollars). These funds are payable in Costa Rican colones, to finance the cost of, or to reimburse Grantee for the cost of allowable expenses of goods and services associated with providing essential medical treatment (particularly physical therapy and prostheses) for Nicaraguan Resistance combatants and their family members in Costa Rica.
2. Attached to this amendment is a revised budget which incorporates funds obligated herein. Funds provided under this amendment are to be used to cover necessary and reasonable costs as shown in that budget incurred up to December 31, 1989.
3. The Grantee continues with its appointed representative in Costa Rica (as stated in Amendment 1), to request and receive funds under the Grant, and to administer the program.
4. Attached is an Illustrative Budget in Colones. For illustrative purposes the exchange rate of 81.0 colones to the dollar is used. In the event that the actual exchange rate differs from the aforementioned rate at the time the exchange from colones to dollars is made, the actual dollar value shall prevail.

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5. All other terms and conditions of the original agreement remain in full force and effect, and apply equally to this amendment. Each of the undersigned individuals represents that he is fully authorized to execute this agreement on behalf of his respective organization.



Mario Sacasa  
Vice Coordinator  
Administration and Finance  
Nicaraguan Resistance

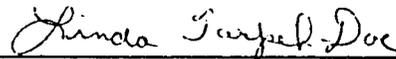


Ted D. Morse  
The Government of the United  
States of America  
through  
Agency for International  
Development

FISCAL DATA:

Letter Agreement No.:	594-0005-A-00-9804-05
Appropriation No.:	72-119/01038
Budget Plan Code:	VRR99029594HG84
Project No.:	594-0005.00
Reservation Control No.:	M956000
Element No.:	56 Medical:Costa Rica Grant
Amount:	\$8,000

Funds Available

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Linda Tarpeh-Doe, TFHA Controller

261

21-Oct-89

COSTA RICA MEDICAL PROGRAM

EXCHANGE RATE: COLONES TO DOLLARS =	TOTAL THRU SEPTEMBER	OCTOBER THRU DECEMBER	TOTAL THRU DECEMBER
	80:1	81:1	
1. GENERAL MEDICAL EXPENSES	27,500,000	16,800,000	44,300,000
2. POST-RECOVERY HOUSE			
A. RENT	355,075	216,975	572,050
B. FOOD/HYGIENE	630,000	480,000	1,110,000
C. UTILITIES	75,000	45,000	120,000
SUBTOTAL.....	1,060,075	741,975	1,802,050
3. RECUPERATION HOUSE			
A. RENT	1,750,000	1,050,000	2,800,000
B. FOOD/HYGIENE	4,905,000	3,900,000	8,805,000
C. UTILITIES	235,000	285,000	520,000
D. BLANKETS/MATTRESSES	475,000	475,400	950,400
E. CLOTHING	2,500,000	2,400,000	4,900,000
F. MAINTENANCE & MISC.	750,000	450,000	1,200,000
G. FACILITIES IMPROVEMENT	1,200,000	0	1,200,000
SUBTOTAL.....	11,815,000	8,560,400	20,375,400
4. VEHICLE RENTAL, MAINTENANCE, FUEL, AND TRANSPORTATION	4,600,000	2,805,000	7,405,000
5. ADMINISTRATIVE & COORDINATION COSTS & ACCOUNTING SERVICES	3,875,000	2,325,000	6,200,000
6. INTERNATIONAL TRAVEL (PATIENTS)	180,000	160,000	320,000
7. TREATMENT & TRAINING FOR THE DISABLED *	2,000,000	1,848,000	3,848,000
ROUNDED	429,925	212,600	642,525
TOTAL COLONES	51,440,000	33,452,975	84,892,975
DOLLAR EQUIVALANT	643,000	413,000	1,056,000

\* AMOUNT FOR AMENDMENT 5 = 216,000 COLONES/MO FOR PT & PROSTHETICS

262

LTD

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

PHASE III  
COSTA RICA MEDICAL  
LETTER AGREEMENT  
AMENDMENT 7

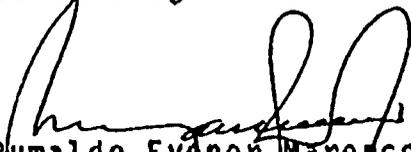
DATE: January 16, 1990

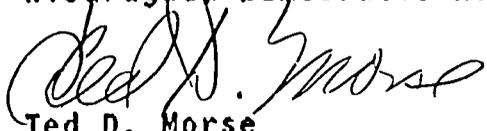
This is to amend the Phase III Costa Rica Medical Letter Agreement between the Agency for International Development (A.I.D.) and the Nicaraguan Democratic Resistance (NDR) dated May 1, 1989 for essential medical supplies and services in Costa Rica. The Agreement is hereby amended to include the following changes:

1. The Grant is increased by \$138,000 (One Hundred Thirty Eight Thousand United States Dollars), which when added to obligations already made under this agreement totaling \$1,194,000 (One Million One Hundred Ninety Four Thousand United States Dollars), will increase the maximum to \$1,332,000 (One Million Three Hundred Thirty Two Thousand United States Dollars). These funds are payable in Costa Rican colones, to finance the cost of, or to reimburse Grantee for the cost of allowable expenses of goods and services associated with providing essential medical treatment for Nicaraguan Resistance combatants and their family members in Costa Rica.
2. Attached to this amendment is a revised budget which incorporates funds obligated herein. Funds provided under this amendment are to be used to cover necessary and reasonable costs as shown in that budget incurred up to February 28, 1990.
3. The Grantee continues with its appointed representative in Costa Rica (as stated in Amendment 1), to request and receive funds under the Grant, and to administer the program.
4. Attached is an Illustrative Budget in Colones. For illustrative purposes the exchange rate of 81.0 colones to the dollar is used. In the event that the actual exchange rate differs from the aforementioned rate at the time the exchange from colones to dollars is made, the actual dollar value shall prevail.

-2-

5. All other terms and conditions of the original agreement remain in full force and effect, and apply equally to this amendment. Each of the undersigned individuals represents that he is fully authorized to execute this agreement on behalf of his respective organization.

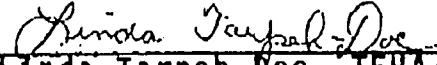
  
Rumaldo Evaristo Marenco,  
Southern Front Coordinator for  
Administration and Finance,  
Nicaraguan Democratic Resistance

  
Ted D. Morse  
The Government of United  
States of America  
through the  
Agency for International  
Development

**FISCAL DATA:**

Letter Agreement No.:	594-0005-A-00-9804-07
Appropriation No.:	72-119/01038
Budget Plan Code:	VRR99029594HG84
Project No.:	594-0005.00
Reservation Control No.:	M956000
Element No.:	56 Medical:Costa Rica Grant
Amount	\$138,000

Funds Available:

  
Linda Tarpeh-Doe, TFHA/Controller

09-Jan-90

COSTA RICA MEDICAL PROGRAM

EXCHANGE RATE: COLONES TO DOLLARS =	TOTAL THRU JANUARY	MONTH OF FEBRUARY 81:1	TOTAL THRU FEBRUARY
1. GENERAL MEDICAL EXPENSES	49,900,000	5,600,000	55,500,000
2. POST-RECOVERY HOUSE			
A. RENT	645,050	73,000	718,050
B. FOOD/HYGIENE	1,270,000	160,000	1,430,000
C. UTILITIES	135,000	15,000	150,000
SUBTOTAL.....	2,050,050	248,000	2,298,050
3. RECUPERATION HOUSE			
A. RENT	3,150,000	350,000	3,500,000
B. FOOD/HYGIENE	10,105,000	1,300,000	11,405,000
C. UTILITIES	615,000	95,000	710,000
D. BLANKETS/MATTRESSES	1,110,400	160,000	1,270,400
E. CLOTHING	5,700,000	800,000	6,500,000
F. MAINTENANCE & MISC.	1,350,000	150,000	1,500,000
G. FACILITIES IMPROVEMENT	1,200,000		1,200,000
SUBTOTAL.....	23,230,400	2,855,000	26,085,400
4. VEHICLE RENTAL, MAINTENANCE, FUEL, AND TRANSPORTATION	8,340,000	935,000	9,275,000
5. ADMINISTRATIVE & COORDINATION COSTS & ACCOUNTING SERVICES	6,975,000	775,000	7,750,000
6. INTERNATIONAL TRAVEL (PATIENTS)	380,000	60,000	440,000
7. TREATMENT & TRAINING FOR THE DISABLED	4,464,000	616,000	5,080,000
ROUNDED	731,525	89,000	820,525
TOTAL COLONES	96,070,975	11,178,000	107,248,975
DOLLAR EQUIVALANT	1,194,000	138,000	1,332,000

10 265

*Rm*

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

PHASE III  
COSTA RICA MEDICAL  
LETTER AGREEMENT  
AMENDMENT 8

DATE: February 15, 1990

This is to amend the Phase III Costa Rica Medical Letter Agreement between the Agency for International Development (A.I.D.) and the Nicaraguan Democratic Resistance (NDR) dated May 1, 1989 for essential medical supplies and services in Costa Rica. The Agreement is hereby amended to include the following changes:

1. The Grant is increased by \$216,000 (Two Hundred Sixteen Thousand United States Dollars), which when added to obligations already made under this agreement totaling \$1,332,000 (One Million Three Hundred Thirty Two Thousand United States Dollars), will increase the maximum to \$1,548,000 (One Million Five Hundred Forty Eight Thousand United States Dollars). These funds are payable in Costa Rican colones, to finance the cost of, or to reimburse Grantee for the cost of allowable expenses of goods and services associated with providing essential medical treatment for Nicaraguan Resistance combatants and their family members in Costa Rica.

2. Attached to this amendment is a revised budget which incorporates funds obligated herein. Funds provided under this amendment are to be used to cover necessary and reasonable costs as shown in that budget incurred up to April 30, 1990. Actual use of these funds and the conditions thereof, will require prior confirmation from the Task Force on Humanitarian Assistance in Washington.

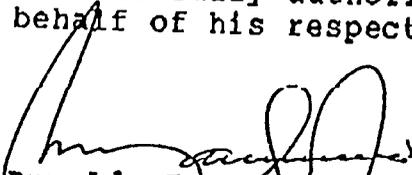
3. The Grantee continues with its appointed representative in Costa Rica (as stated in Amendment 1), to request and receive funds under the Grant, and to administer the program.

*2/16/90*

-2-

4. Attached is an Illustrative Budget in Colones. For illustrative purposes the exchange rate of 81.0 colones to the dollar is used. In the event that the actual exchange rate differs from the aforementioned rate at the time the exchange from colones to dollars is made, the actual dollar value shall prevail.

5. All other terms and conditions of the original agreement remain in full force and effect, and apply equally to this amendment. Each of the undersigned individuals represents that he is fully authorized to execute this agreement on behalf of his respective organization.

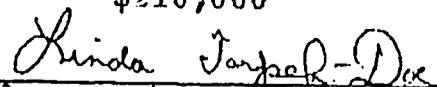
  
Rumaldo Evaristo Marenco,  
Southern Front Coordinator for  
Administration and Finance,  
Nicaraguan Democratic Resistance

  
Ted D. Morse  
The Government of United  
States of America  
through the  
Agency for International  
Development

**FISCAL DATA:**

Letter Agreement No.:	594-0005-A-00-9804-08
Appropriation No.:	72-119/01038
Budget Plan Code:	VRR99029594HG84
Project No.:	594-0005.00
Reservation Control No.:	M956000
Element No.:	56 Medical:Costa Rica Grant
Amount	\$216,000

Funds Available:

  
Linda Tarpeh-Doer TFHA/Controller

267

14-Feb-90

COSTA RICA MEDICAL PROGRAM

EXCHANGE RATE: COLONES TO DOLLARS =	TOTAL THRU FEBRUARY	MONTH OF MARCH 81:1	MONTH OF APRIL 81:1	TOTAL THRU APRIL
1. GENERAL MEDICAL EXPENSES	55,500,000	5,000,000	4,000,000	64,500,000
2. POST-RECOVERY HOUSE				
A. RENT	718,050	73,000	73,000	864,050
B. FOOD/HYGIENE	1,430,000	160,000	160,000	1,750,000
C. UTILITIES	150,000	15,000	15,000	180,000
SUBTOTAL.....	2,298,050	248,000	248,000	2,794,050
3. RECUPERATION HOUSE				
A. RENT	3,500,000	350,000	350,000	4,200,000
B. FOOD/HYGIENE	11,405,000	1,300,000	700,000	13,405,000
C. UTILITIES	710,000	95,000	95,000	900,000
D. BLANKETS/MATTRESSES	1,270,400	140,000	75,000	1,485,400
E. CLOTHING	8,500,000	800,000	200,000	7,500,000
F. MAINTENANCE & MISC.	1,500,000	75,000	75,000	1,650,000
G. FACILITIES IMPROVEMENT	1,200,000	--	--	1,200,000
SUBTOTAL.....	28,085,400	2,780,000	1,495,000	30,340,400
4. VEHICLE RENTAL, MAINTENANCE, FUEL, AND TRANSPORTATION	8,275,000	650,000	170,000	10,095,000
5. ADMINISTRATIVE & COORDINATION COSTS & ACCOUNTING SERVICES	7,750,000	775,000	775,000	9,300,000
6. INTERNATIONAL TRAVEL (PATIENTS)	440,000	50,000	--	490,000
7. TREATMENT & TRAINING FOR THE DISABLED	5,080,000	615,000	615,000	6,310,000
ROUNDED	820,525	27,000	68,000	915,525
TOTAL COLONES	107,248,975	10,125,000	7,371,000	124,744,975
DOLLAR EQUIVALANT	1,332,000	125,000	91,000	1,548,000

PROJ: TRN: CABLE

UNCLASSIFIED

(ACTION: TED)

INCOMING TELEGRAM

Department of State

CC: DNS  
RM  
EOJ  
RN

PAGE 01 OF 02 SAN JO 10024 00 OF 02 150223Z 0929 009457 A104331  
ACTION AID-00

SAN JO 10024 00 OF 02 150223Z 0929 009457 A104331

ACTION OFFICE TFHA-01  
INFO LAOP-03 LADR-03 AALA-01 SAST-01 PDPR-01 ES-01 STAG-02  
AAPF-01 FPA-02 RELO-01 AMAD-01 /DJE AD

INFO LOG-00 ARA-00 /000 W  
-----171511 150224Z /66 72

R 141973Z AUG 89  
FM AMEMBASSY SAN JOSE  
TO SECSTATE WASHDC 2860  
INFO AMEMBASSY TEGUCIGALPA

UNCLAS SAN JOS 10024

AIO/W FOR TFHA/W DIR - (T. MORSE)

TEGUCIGALPA FO. TFHA/H - (R. VENEZIA)

PASS STATE FOR ARA/NCO

E.O. 12356: N/A  
SUBJECT: VOCATIONAL TRAINING FOR DISABLED

REF: A) STATE 117882, B) STATE 240217

1. TFHA/CR HAS OBTAINED CONCURRENCE FROM THE COSTA RICAN GOVERNMENT'S INSTITUTO NACIONAL DE APRENDIZAJE (I.N.A.) TO PROVIDE VOCATIONAL TRAINING PROGRAM TO ASSIST IN THE REHABILITATION OF DISABLED SOUTHERN FRONT RESISTANCE MEMBERS.

2. APPROXIMATELY 50 DISABLED VETERANS WILL BE TRAINED IN START COURSES TAILORED FOR THEIR INDIVIDUAL PHYSICAL DISABILITIES AND PREFERENCES BASED ON PERSONAL INTERVIEWS CONDUCTED BY I.N.A. IN CONSULTATION WITH TFHA/CR. ALTHOUGH 44 OF THE PROPOSED STUDENTS ARE ILLITERATE, A NON-PROJECT FUNDED LITERACY TRAINING PROGRAM IS BEING CONDUCTED AT THE RECOVERY CENTER, SIMULTANEOUSLY WITH THE I.N.A. TRAINING. THE I.N.A. COURSES TAKE INTO ACCOUNT THE ILLITERACY OF THE STUDENTS.

3. TRAINING WILL ONLY BE CONDUCTED IN AREAS WHERE I.N.A. HAS RECEIVED NUMEROUS REQUESTS FOR TRAINED WORKERS AND THE PROBABILITY TO ASSIST IN JOB PLACEMENT IS HIGH. THE NEW ASSEMBLY INDUSTRIES MOVING INTO COSTA RICA (FACTORIES PRODUCING CLOTHING, ELECTRONICS, ETC. FOR EXPORT) HAVE CREATED MORE THAN 50,000 NEW JOBS IN THE LAST THREE YEARS AND THE DEMAND FOR WORKERS GROWS GREATER EACH YEAR. SEWING MACHINE MECHANICS AND OPERATORS, FOR EXAMPLE, CAN SECURE JOBS IMMEDIATELY AFTER COMPLETING A FOUR MONTH I.N.A. TRAINING COURSE.

4. THE GOCR MINISTRY OF LABOR (MOL) HAS AGREED TO PROVIDE WORK PERMITS FOR THE PARTICIPANTS UPON COMPLETING THEIR TRAINING. THIS IS A GREAT OPPORTUNITY, SINCE THE MAJORITY OF NICARAGUAN REFUGEES ARE DEPENDENT ON MARGINAL LOW PAYING SEASONAL EMPLOYMENT, PICKING COFFEE, CUTTING SUGAR CANE OR WORKING AS DOMESTIC SERVANTS.

5. THE MAJORITY OF PARTICIPANTS WILL ATTEND AN I.N.A. FOUR MONTH VOCATIONAL TRAINING PROGRAM. ONLY IN EXCEPTIONAL CASES WHERE THE PARTICIPANT HAS PREVIOUS ACADEMIC TRAINING WILL THE ACTIVITY BE EXPANDED FOR MORE TECHNICAL TRAINING, I.E. COMPUTER

OR ACCOUNTING. ALL PARTICIPANTS ENROLL IN A SPECIFIC COURSE AND THEIR PROGRESS IS CLOSELY MONITORED. THE AREA OF VOCATIONAL TRAINING IS RESTRICTED BY THE MOL TO TRADES WITH JOBS READILY AVAILABLE. THE PRIMARY TRADES WHICH THE MOL WILL PROVIDE WORK PERMITS FOR ARE INDUSTRIAL SEWING, UPHOLSTERY, CABINET MAKING, AND A LIMITED NUMBER OF PERMITS FOR SEWING MACHINE MECHANICS. THE PARTICIPANTS SELECT THE AREA OF TRAINING BASED ON PERSONAL PREFERENCE AND INTERVIEWS WITH I.N.A. PSYCHOLOGISTS.

6. I.N.A.'S AREA OF EXPERTISE IS VOCATIONAL SKILLS TRAINING AND IT IS NOT IN A POSITION TO PROVIDE THE LOGISTICAL SUPPORT REQUIRED BY THE TRAINEES. I.N.A. UNDERSTANDS THE IMPORTANCE OF ARRANGING FOR ADEQUATE TRAINEE SUPPORT AND FOLLOW-UP, AND I.N.A. HAS SUGGESTED THAT THESE SERVICES BE PROVIDED BY THE ASSOCIATION FOR THE INTEGRATED ATTENTION OF REFUGEES (ACIAR). WHEREAS I.N.A. PROVIDES THE ACTUAL SKILLS TRAINING, ACIAR IS RESPONSIBLE FOR PROVIDING ALL LOGISTICAL SUPPORT AND CLOSELY MONITORING THE PROGRESS OF THE TRAINEES. ACIAR CONDUCTS WEEKLY MEETINGS WITH THE I.N.A. INSTRUCTORS AND SUBMITS PROGRESS REPORTS TWICE A MONTH TO THE R.N. PROJECT COORDINATOR. THE REPORTS FOCUS ON INDIVIDUAL ACHIEVEMENTS OF EACH TRAINEE, AND PROVIDE SUGGESTIONS WHEN INDIVIDUAL CONSULTATION IS NECESSARY. A SUMMARY OF ACIAR'S RESPONSIBILITIES FOLLOWS:

- A. BASED ON I.N.A.'S STANDARD COURSE MATERIAL LIST, ACIAR PURCHASES AND DELIVERS THE BASIC TOOLS AND TRAINING MATERIALS TO THE PARTICIPATING I.N.A. TRAINING CENTERS.
- B. ACIAR COORDINATES WITH I.N.A. TO IDENTIFY POSSIBLE EMPLOYERS, AND IS RESPONSIBLE FOR ARRANGING JOB INTERVIEWS FOR THE TRAINEES.
- C. PROVIDE GENERAL CONSULTATION AND GUIDANCE TO THE TRAINEES DURING THE TRAINING PHASE.
- D. PROCESS THE REQUIRED DOCUMENTATION FOR OBTAINING WORK PERMITS FOR ALL COURSE GRADUATES.
- E. PROVIDE FOLLOW-UP CONSULTATION WITH BOTH EMPLOYER AND EMPLOYEE AFTER JOB PLACEMENT.

7. THE OBJECTIVE OF THE PROGRAM IS TO ENABLE THE PARTICIPANTS TO OBTAIN AN EMPLOYABLE SKILL AND BECOME SELF-SUFFICIENT. ACIAR IS EXPLORING POSSIBILITIES TO PLACE EMPLOYED GRADUATES WITH LOCAL FAMILIES WHO TAKE IN BOARDERS. IN ANY CASE, GRADUATES WILL ONLY BE ALLOWED TO REMAIN IN THE RECOVERY CENTER A MAXIMUM OF TWO MONTHS AFTER COMPLETING THE VOCATIONAL SKILLS TRAINING. FOR THOSE PARTICIPANTS REQUIRING TOOLS TO SECURE A JOB, A BASIC SET OF HAND TOOLS (RECOMMENDED BY I.N.A.) WILL BE PURCHASED THROUGH ACIAR AND PROVIDED TO THE TRAINEES UPON GRADUATION.

8. MEDICAL REHABILITATION AND TREATMENT OF WAR RELATED WOUNDS OR ILLNESSES WILL BE AVAILABLE TO PARTICIPANTS EVEN AFTER THEY HAVE DEPARTED THE CENTER. MEDICAL AUTHORIZATION FOR TREATMENT AND MEDICAL EXAMINATIONS WILL CONTINUE TO BE CONTROLLED BY THE CENTER'S DOCTOR.

9. TOTAL COST OF THE PROGRAM IS ESTIMATED TO BE APPROXIMATELY U.S. DOLS. 60,000, BASED UPON U.S. DOLS. 1,200 X 50 PARTICIPANTS. AN APPROXIMATE PER

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INCOMING  
TELEGRAM

PAGE 02 OF 02 SAH JO 10024 00 OF 02 150223Z 0929 009457 A104331  
STUDENT BUDGET BREAK-DOWN FOLLOWS:

BUDGET LINE ITEM	U.S. DOLS.
- A. I.N.A. REGISTRATION AND MONTHLY FEES	300
- B. MATERIALS/BASIC TOOLS COST	400
- C. TRANSPORTATION AND FOOD	100
- D. ACIAR TECHNICAL SERVICES	400
-	-----
- TOTAL PER STUDENT COST	1,200

10. THESE VOCATIONAL SKILLS TRAINING ACTIVITIES  
COULD ADDRESS THE NEEDS OF THE MAJORITY OF THE  
PERMANENTLY DISABLED. HOWEVER, IT MAY BE DIFFICULT  
TO COMPLETE THE TRAINING OF ALL THE DISABLED BY  
FEBRUARY 28, 1990. ADDITIONALLY, THERE ARE  
APPROXIMATELY SIX TO EIGHT DISABLED VETERANS WHO  
ARE NOT PHYSICALLY OR MENTALLY CAPABLE OF  
PARTICIPATING IN ANY OF THE TRAINING COURSES IN  
REFERENCE.  
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<b>AWARD/CONTRACT</b>	1. THIS CONTRACT IS A RATED ORDER UNDER DPAS (15 CFR 350)	RATING	PAGE OF PAGES
			1   38

2. CONTRACT (Proc. Inst. Ident.) NO. PDC-0000-C-00-9005-00	3. EFFECTIVE DATE November 1, 1988	4. REQUISITION/PURCHASE REQUEST/PROJECT NO. 594-000-3-90001
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5. ISSUED BY Agency for International Development Central Operations Branch Office of Procurement Washington, D.C. 20523-1428	6. ADMINISTERED BY (If other than Item 5) THHA/H c/o U.S. Embassy Tegucigalpa A.P.O. Miami, Florida 34022
---	--

7. NAME AND ADDRESS OF CONTRACTOR (No., street, city, county, State and ZIP Code) International Medical Corps 10880 Wilshire Boulevard Suite 606 Los Angeles, California 90024	8. DELIVERY <input type="checkbox"/> FOB ORIGIN <input checked="" type="checkbox"/> OTHER (See below)
	9. DISCOUNT FOR PROMPT PAYMENT NET
	10. SUBMIT INVOICES (4 copies unless otherwise specified) TO THE ADDRESS SHOWN IN: ITEM 12

11. SHIP TO/MARK FOR CODE	FACILITY CODE	12. PAYMENT WILL BE MADE BY PFM/FM/PAFD Washington, D.C. 20523
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13. AUTHORITY FOR USING OTHER THAN FULL AND OPEN COMPETITION Section 9013(d) of Def Dept Appropriations <input type="checkbox"/> 10 U.S.C. 2304(c) <input checked="" type="checkbox"/> 41 U.S.C. 253(c) Act of 1989	14. ACCOUNTING AND APPROPRIATION DATA 72-1191038 VRRRA-89-29594-HG84 Res Control No. M900042 \$3,021,740
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15A. ITEM NO.	15B. SUPPLIES/SERVICES	15C. QUANTITY	15D. UNIT	15E. UNIT PRICE	15F. AMOUNT
	Medical Support for the Yatama and Miskito Indian and Nicaraguan Resistance				

15G. TOTAL AMOUNT OF CONTRACT ▶ \$ 3,021,740

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X	C	DESCRIPTION/SPECS./WORK STATEMENT	7	J		LIST OF ATTACHMENTS	
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CONTRACTING OFFICER WILL COMPLETE ITEM 17 OR 18 AS APPLICABLE

17. <input checked="" type="checkbox"/> CONTRACTOR'S NEGOTIATED AGREEMENT (Contractor is required to sign this document and return 3 copies to issuing office.) Contractor agrees to furnish and deliver all items or perform all the services set forth or otherwise identified above and on any continuation sheets for the consideration stated herein. The rights and obligations of the parties to this contract shall be subject to and governed by the following documents: (a) this award/contract, (b) the solicitation, if any, and (c) such provisions, representations, certifications, and specifications, as are attached or incorporated by reference herein. (Attachments are listed herein.)	18. <input type="checkbox"/> AWARD (Contractor is not required to sign this document.) Your offer on Solicitation Number _____ including the additions or changes made by you which additions or changes are set forth in full above, is hereby accepted as to the items listed above and on any continuation sheets. This award consummates the contract which consists of the following documents: (a) the Government's solicitation and your offer, and (b) this award/contract. No further contractual document is necessary.
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19A. NAME AND TITLE OF SIGNER (Type or print) Nancy A. Rossey Executive Director	19C. DATE SIGNED 12/15/88	20A. NAME OF CONTRACTING OFFICER James E. Corley	20C. DATE SIGNED 12/15/88
BY <i>Nancy A. Rossey</i> (Signature of person authorized to sign)		BY <i>James E. Corley</i> (Signature of Contracting Officer)	

PART I

SECTION B - SUPPLIES OR SERVICES AND PRICES/COSTS

The Contractor shall furnish all necessary facilities, materials, and personnel and shall perform all services necessary to carry out the scope of work identified in Section C.

B.1. Estimated Cost and Fixed Fee

(a) The total estimated cost of this contract, is \$3,021,740. There is no fee associated with this contract.

B.2. Budget

(a) The following itemized budget sets forth the estimates for reimbursement of dollar costs for individual line items of cost. Without the prior written approval of the Contracting Officer, the Contractor may not exceed the total estimated cost set forth in the budget hereunder. Without the prior written approval of the AID Project Officer (which must be retained by the Contractor for audit purposes, and a copy of which must be furnished to the Contracting Officer by the Contractor), the Contractor may not exceed the estimated dollar cost for any individual line item of cost shown below by more than 25% of such line item.

(b) Itemized Budget

for the period 11/01/88 to 04/30/89.

Category	Budget Amount
Salaries and Wages	
Home Office \$	163,750
Field Support \$	407,500
Fringe Benefits*	135,313
Medical Corps \$	165,000
Total Salaries and Wages	\$ 871,563
Equipment and Consumables	459,704
Travel, Transportation, and Per Diem	214,500
Subcontracts	644,390
Other Direct Costs	296,600
Total Direct costs	2,486,957
Indirect Costs	298,435
 TOTAL ESTIMATED COST	 \$ 2,785,392

\*Related to direct salaries and wages

Contingency for emergency medical treatment(including applicable indirect cost burden)	\$112,000
Contingency for indirect cost rate adjustment to maximum ceiling	\$124,348

(c) The Contractor agrees to furnish data which the Contracting Officer may request on costs expended or accrued under this contract in support of the budget information provided herein.

B.3 Establishment of Indirect Cost Rates

Pursuant to the provisions of the clause of this contract entitled "Allowable Cost and Payment (APR 1984)," a rate or rates shall be established for each of the Contractor's accounting periods which apply to this contract. Pending establishment of revised provisional or final indirect cost

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rates for each of the Contractor's accounting periods which apply to this contract, provisional payment 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 are set forth below:

<u>For Accounting Period Ending:</u>	<u>Type</u>	<u>Base</u>	<u>Provisional Rate</u>
6/30/89	Indirect Cost	Total Direct Costs	12.0%

B.4. Advance Understanding on Ceiling Indirect Cost Rates and Final Reimbursement for Indirect Costs

For each of the contractor's accounting periods during the term of this contract, the parties agree as follows:

1. The distribution base for establishment of final indirect costs is total direct costs.
2. The contractor will make no change in its established method of classifying or allocating indirect costs without the prior written approval of the Contracting Officer.
3. Reimbursement for indirect costs shall be at final negotiated rates, but not in excess of the following ceiling rates:

<u>Accounting Period Ending:</u>	<u>Ceiling Rate:</u>
June 30, 1989	17.0 %

4. The Government shall not be obligated to pay any additional amount on account of indirect costs above the ceiling rates established herein.

This advance understanding shall not change any monetary ceiling, cost limitation, or obligation established in the contract.

5. Personnel Compensation

(a) In addition to the requirements set forth in AIDAR clause entitled "Personnel Compensation" (Section 1), the following criteria is required:

Consultants

No compensation for consultants will be reimbursed unless their use under the contract has the advance written approval of the cognizant AID Project Officer; and if such provision has been made or approval given, compensation shall not exceed, without specific approval of the rate by the Contracting Officer, (1) the current compensation of the highest rate of annual compensation received by the consultant during any full year of the immediately preceding three years or (2) the maximum daily salary rate of FS-1, whichever is less.

(b) Definitions

As used herein, the terms "Salaries," "Wages," and "Compensation" mean the periodic remuneration received for professional or technical services rendered exclusive of overseas differential or other allowances associated with overseas service unless otherwise stated. The term "compensation" includes payments for personal services (including fees and honoraria). It excludes earnings from sources other than the individual's professional or technical work, overhead, or other charges.

B.6. Estimated Level of Effort

(a) The estimated level of effort for the performance of this contract, on which the budget is predicated, shall be 253.5 months of direct labor.

(b) The estimated composition of the the total months of direct labor for the entire contract period is as follows:

POSITION	Months
Administrative staff	60
Project Manager/Director	31.5
Physician	42
Nurse	12
Paramedical Staff	48
Recuperation Facility Staff	36
Prosthesis Professional Staff	12
Prosthesis Administrative Staff	12
TOTAL MONTHS OF DIRECT LABOR	253.5

NOTE

The provision of some of this effort may be provided through subcontracts and/or consultants. However, pursuant to the contract clause entitled "Subcontracts Under Cost Reimbursement and Letter Contracts," such agreements may require the prior written approval of the Contracting Officer; and, pursuant to the contract clause entitled "Personnel Compensation," consultants may require the prior written approval of the A.I.D. Project Officer or the Contracting Officer, as specified herein.

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# MEDICAL PROGRAM

## SECTION C - WORK STATEMENT

### I. INTRODUCTION

The provision of medical supplies and services to the Nicaragua Resistance under the Humanitarian Assistance program (through the Task Force for Humanitarian Assistance: TFHA) is multifaceted, serving combatants, their families, and immediate supporters in three target groups: the ERN (Nicaraguan Resistance Army) North in Honduras, the ERN South in Costa Rica, and the Yatama (Indian resistance organization) in eastern Honduras.

By far the largest of the three groups is the ERN North in Honduras. The Medical Corps (MC) System for the ERN North consists of eight medical centers, nine doctors, several nurses, and hundreds of trained paramedics strategically located throughout the medical system. Medical centers range from regional medical posts, to community-based clinics, to a full-service hospital.

Medical services for the wounded and sick Resistance in Costa Rica are provided through separate administrative arrangements funded by TFHA. Medical services are provided there through a medical program consisting of a recuperation house, a clinic, as well as hospital services available in San Jose. Nonetheless, medical evacuations from Costa Rica to the U.S. are occasionally needed (e.g. specialized eye surgery or brain surgery).

The Yatama (Indian combatants in Eastern Honduras) have virtually no medical services of their own. Instead, they depend on voluntary organizations working in the region to meet their medical needs. Although the Yatama organization is relatively small, there remains a need for basic medical services for combatants and their families, and a system for referral to more sophisticated services.

### II. OBJECTIVES

The contract objective is to provide medical support to the

Nicaragua Resistance combatants and their families by supporting the Resistance Medical Corps through training, technical assistance, and provision of specialized medical services and medical equipment. Needed medical services range from routine consultancies to immunization programs to treatment of war-related injuries and tropical diseases. The Medical Corps needs to be strengthened and upgraded to better provide these services, and thereby restore the health of Resistance combatants and their families -- enabling them to have fully productive lives. The purpose of this Contract is not to run the Medical Corps, but rather to support and advise it. More specifically, the objectives of this contract are:

A. To support and improve the administration and service delivery of the Resistance Medical Corps -- through technical assistance, provision of medical equipment, and training -- in order to ensure an adequate level of health care services for the Nicaraguan Resistance combatants and their families in Honduras.

B. To provide needed medical services and medical supplies, and improve medical services delivery (including the hiring of doctors and training of Yatama paramedics) to contract supplemental staff (doctors and nurses), and to train paramedics for the Yatama combatants and their families in Eastern Honduras.

C. To provide supplemental medical support (medevac and prosthetics) to ERN South combatants and their families in Costa Rica.

### III. DESCRIPTION OF SERVICES

#### A. Contract Management Structure.

The contract is characterized by a wide array of medical, or medically related activities, in several locations. The contract management structure shall -- at a minimum -- consist of a project manager in the Contractor's headquarters office, a director of operations in Tegucigalpa, a hospital administrator to work at Aguacate and other locations, an assistant director

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to manage the Yatama program in the Mosquitia, and a manager for the medevac program in Miami and other locations. The contractor shall put in place sufficient support staff to implement the contract and assure accountability. Additional personnel may be brought in as needed to augment the medical services being provided, and to provide technical assistance to the Resistance Medical Corps. Field personnel shall maintain regular contact with the Health Project Manager in the Task Force in Honduras. At least weekly contact with the Task Force in Washington D.C. is also required.

B. Administrative Support. Contractor shall provide technical assistance, training, and equipment. In addition, Contractor shall provide support (salaries and equipment) directly to the Resistance Medical Corps staff. While it is expected that the Contractor will solve problems in the Medical Corps system that demand professional attention, it is also expected that the Contractor will train Medical Corps staff to solve such problems in the future.

1. Direct Support to the Medical Corps.

a. Payment of Medical Corps Doctors. The Contractor will serve as paying agent for Medical Corps doctors' salaries. Contractor, in coordination with the Chief of the Medical Corps will establish an agreed upon day for payment each month and will be responsible for payment of salaries for the Medical Corps doctors. Salary levels have already been established through a request by the Medical Corps and approval by the Directors of the Resistance -- with TFHA/W's concurrence. Payment must take place on the agreed-upon pay day, unless otherwise authorized by TFHA. Payment may be made in Honduras or in the U. S. by dollar check. The Contractor is responsible for compliance with all IRS rules that would apply to payment of salaries.

b. Medical Corps doctors and nurses. The size of the Medical Corps staff is no longer sufficient to meet the needs of the Resistance. This is particularly true with the

departure of several Resistance doctors over the last year. The Resistance plans to hire at least two and up to five doctors (mostly General Practitioners) to supplement existing the Medical Corps doctors in the ERN North. Doctors hired for this work within the Medical Corps shall be acceptable to the Chief of the Medical Corps. Additional doctors may be hired upon the request of the Medical Corps and with the prior approval of TFHA/H.

The Contractor shall pay full-time specialists such as a dentist, a pediatrician, a physical therapist, or a psychotherapist -- as requested by the Chief of the Medical Corps and approved by TFHA/H. In addition, the Contractor will hire two doctors and two nurses to service the Yatama combatants and their families in the Mosquitia.

c. Procurement of Equipment needed by the Medical Corps. To the extent possible and feasible, existing equipment will be maintained in good repair. See also Section H.3. Laboratories in the Medical Corps system, however, are currently lacking in equipment needed to perform many of the tasks normally required of a medical laboratory. To respond to those and other needs, the Contractor will ascertain the specifications from the ERN (or Yatama as appropriate), consult with TFHA/H for major purchases, and solicit quotations in Honduras and/or the U. S. Local servicing capability as well as availability of spare parts will be given high priority consideration in the procurement process. As new equipment is procured, Contractor will assure that there are sufficiently trained personnel in the Resistance to operate and to maintain the equipment. The Contractor will be responsible for procurement and shipment of equipment.

d. Review of Pharmaceuticals and Medical Supply Requests. The Contractor's Director of Operations or his/her designee shall review requests for supplies. The Medical Corps generally prepares the procurement lists for both locally procured and U. S. procured

supplies. The Contractor shall promptly review the procurement lists as to their appropriateness, necessity, and the adequacy of product description -- before the lists are submitted to TFHA/H for procurement action.

e. Yatama. Since the Yatama have no Medical Corps of their own, special care must be taken to assure that they receive adequate medical treatment. Contractor shall assign a full-time employee to the Mosquitia, responsible for assuring that adequate services are provided to the Yatama combatants and their families. Support will include the hiring of approximately two doctors and two nurses (discussed above) as well as the improvement of facilities (esp. Auka), the provision of essential medical equipment, and vehicles to ensure service delivery to often remoter locations in the Mosquitia. In addition, the Contractor will assist the Yatama in re-invigorating their paramedical personnel, providing new basic training for them as necessary.

2. Medical Resource Management Support. The Contractor will provide technical assistance to the Medical Corps to enable it to better manage its medical services and supplies.

a. Hospital Administration. There are many administrative aspects to running the main ERN/North hospital (at Aguacate) that are currently being performed by doctors and untrained staff. More effective management of the facilities, the equipment and supplies, patient food and clothing, pharmaceutical inventory control, generator operation and maintenance, and bookkeeping/record-keeping, etc. will require the assistance of a professional hospital administrator -- to be provided by the Contractor -- to provide technical assistance in hospital administration, and train Medical Corps staff in administrative and problem-solving skills.

b. Equipment Management. Each of the ERN North medical facilities requires maintenance -- both for equipment (including medical equipment) and for upkeep

of physical plant. Failure of a generator at Aguacate, for example, has resulted in loss of pharmaceuticals that require refrigeration, in the non-use of power-dependent medical equipment, and in the inability of surgeons to perform surgery in the windowless operating room.

Medical equipment maintenance specialists are required to provide hands-on technical assistance and training in equipment operation, repair and preventive maintenance. Equipment management will include both direct maintenance and maintenance training for both medical equipment and support equipment (such as generators). Contractor will repair (or supervise the repair of) equipment as the situation requires, and will provide hands-on training of Resistance staff in repair and maintenance techniques. This includes provision of spare parts or replacement of equipment as necessary. As new equipment is procured, Contractor will assure that there are sufficiently trained personnel in the Resistance to run and to maintain the equipment.

c. Management of Pharmaceuticals and Supplies  
Although the Resistance has sizable quantities of pharmaceuticals and supplies, management of these materials should be improved. The Contractor will provide TA and training in pharmaceuticals and supplies management. Pharmaceutical management by the Medical Corps will include establishment of better controls, regular inventory, improved storage practices and review of prospective orders for procurement from U.S. and local sources well in advance of need. An up-to-date data base has been established and must be maintained to assure that the procurement of pharmaceuticals is in line with usage rates. If possible this system should be established and maintained on a computer (to be provided by the Contractor).

### 3. Technical Assistance for Medical Services.

In addition to specific medical services described in Section C. below, the Contractor will provide medium-term (one to six months) doctors and paramedics to work

along side Resistance doctors and paramedics -- with a view to improve the efficiency and effectiveness of the Medical Corps service delivery and supplies management. The type of medical specialty, as well as the length of time a doctor or paramedic will stay, will depend on the needs of the Resistance, as well as the availability of expatriate doctors and paramedics. Accordingly, Contractor will work closely with the Resistance and TPFA Honduras staff to determine specific technical assistance needs.

### C. Specialized Services

The Contractor shall support provision of medical services with the following activities:

- (1) Short term Expatriate Specialized Medical Services
- (2) Medevacating patients to the U.S.,  
(or possibly to Honduras in the case of Costa Rica) or
- (3) Prosthetics, Rehabilitation, and Therapy.

To the extent possible, the Medical Corps itself will provide the medical services. Local contracting of specialized medical services will continue to be handled by the Medical Corps and TPFA/H. However there are medical needs (such as restorative surgery) that are beyond the capacity (and/or the equipment) of the Medical Corps. The Contractor must handle bringing in of expatriate doctors, evacuating patients to the U. S., and managing specialties such as prosthetics, and therapy:

#### 1. Short term Expatriate Specialized Medical Services.

Medical teams will be brought in by the Contractor for short periods of time (from one or two days up to a few weeks) to perform specialized medical treatments -- particularly surgery. These expatriate services are readily available from the Miami Medical Team which has been providing these services effectively. This approach is used when the local facilities are adequate, but the specialized medical services are not locally available. Contractor may need to supplement the doctors being sent from the Miami Medical Team with other doctors, but should do so in consultation with the Miami Medical Team.

#### 2. Medical Evacuations to the U.S. This service is not

only needed by the Resistance in Honduras, but also by the Resistance in Costa Rica as well as by the Yatama:

- For Costa Rica, Contractor's Director of Operations will establish and maintain contact with the TFHA Field Operations Officer in Costa Rica, and establish a system for Medevac of Costa Rican patients to Aguacate, Miami, or elsewhere as appropriate.
- For the Yatama, the Contractor's Yatama Administrator will coordinate with the Director of Operations to arrange medevac of Yatama combatants and their families to Aguacate, Miami, or elsewhere as appropriate.

In each case the Director of Operations is responsible for full coordination with TFHA/Honduras and with the Medical Corps. When the facilities available locally are not sufficient to perform the needed medical services, patients may be medevaced to the United States. The Director of Operations or his/her designee will be responsible for coordination and follow-up of medical evacuations. Such coordination would include the Medical Corps, TFHA/H, and the Miami Medical Team. Medical evacuation to the United States includes the following:

a. Miami. There is a Miami Medical Team which has regularly serviced the specialized medical and surgical needs of the Resistance. The Contractor will continue to utilize this medical team to the extent possible.

More specifically, the Contractor is responsible for managing a secure rental house to be used as a recuperation facility in (or near) Miami, sufficient to house and feed at least 10 patients -- during the pre-surgery and post-surgery convalescence period. Contractor is responsible for paying transportation costs, rents, food, clothing, nursing care, administration of the residential facility, as well as hospital overhead costs and other associated costs. The Contractor must also assure the security of the patients as well as their prompt departure from the U.S. once it is medically advisable to do so.

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On occasion, the Miami Medical Team may not have the expertise available to perform a specialized operation, and there may be a need to bring a specialized doctor from Miami for the transportation and per diem for the doctor.

b. Specialized Services Outside Miami. The services in Miami are adequate to cover most cases. However should the needed services not be available there, or in the event that the Miami Medical Team becomes overloaded, the Contractor may send the patient to other medical facilities outside of Miami. The Contractor will send the patient to other cities when it is medically advisable to do so, when services in Miami cannot be provided in a timely fashion, when volunteer medical services in the other city are available, and when it is assured that the same needs of the patient that are covered in Miami can be adequately met in the other city. The Contractor may pay all reasonable costs to attain this same level of services. See also the clauses in Section H.7. entitled "Priority of Patient Care".

3. Prosthetics, Rehabilitation, and Therapy. Special attention is paid to the needs of amputees, who currently are serviced by World Rehabilitation Fund and an organization called Freedom Feet. World Rehabilitation Fund is producing and providing the artificial limbs, while Freedom Feet is doing the measuring and fitting. Contractor shall arrange continuance of this program and will assure that all medical needs of the amputees -- including measurement, corrective surgery (where needed), provision of the device, fitting, rehabilitation, and physical therapy -- are met under this contract.

The Contractor will be responsible for supporting the facility at Rancho Grande, where permanently disabled combatants receive therapy and vocational training. This support will include improvement of the sanitary conditions (including screening, improved drainage, water and toilet construction), provision of physical therapy equipment and adequate structure to protect it, and specialized staff to train.

SECTION D - PACKAGING AND MARKING

D.1. Marking Instructions for Reports

The contractor shall mark each shipment with its organization name, contract number, item number, and quantity (indicate partial or final shipment).

D.2 Marking (APR 1984) AIDAR 752.7009

(a) It is A.I.D. policy that A.I.D.-financed commodities and shipping containers and project construction sites and other project locations be suitably marked with the A.I.D. red, white, and blue handclasp emblem. Shipping containers are also to be marked with the last five digits of the A.I.D. financing document number. As a general rule, marking is not required for raw materials shipped in bulk (such as coal, grain, etc.), or for semifinished products which are not packaged.

(b) Specific guidance on marking requirements should be obtained prior to procurement of commodities to be shipped, and as early as possible for project construction sites and other project locations. This guidance will be provided by TFHA/H.

(c) Authority to waive marking requirements is vested with the Regional Assistant Administrators, and with Mission Directors.

(d) A copy of any specific marking instructions or waivers from marking requirements is to be sent to the Contracting Officer; the original should be retained by the Contractor.

SECTION E - INSPECTION AND ACCEPTANCE

E.1 Inspection and Acceptance

Pursuant to the following clause, final inspection and acceptance of all items called for by the contract shall be made by the Project Officer for the Task Force on Humanitarian Assistance in Honduras.

52.246-3 Inspection of Supplies--Cost-Reimbursement (APR 1984)

(a) Definitions.

"Contractor's managerial personnel," as used in this clause, means any of the Contractor's directors, officers, managers, superintendents, or equivalent representatives who have supervision or direction of--

(1) All or substantially all of the Contractor's business;

(2) All or substantially all of the Contractor's operation at a plant or separate location at which the contract is being performed; or

(3) A separate and complete major industrial operation connected with performing this contract. "Supplies," as used in this clause, includes but is not limited to raw materials, components, intermediate assemblies, end products, lots of supplies, and, when the contract does not include the Warranty of Data clause, data.

(b) The Contractor shall provide and maintain an inspection system acceptable to the Government covering the supplies, fabricating methods, and special tooling under this contract. Complete records of all inspection work performed by the Contractor shall be maintained and made available to the Government during contract performance and for as long

afterwards as the contract requires.

(c) The Government has the right to inspect and test the contract supplies, to the extent practicable at all places and times, including the period of manufacture, and in any event before acceptance. The Government may also inspect the plant or plants of the Contractor or any subcontractor engaged in the contract performance. The Government shall perform inspections and tests in a manner that will not unduly delay the work.

(d) If the Government performs inspection or test on the premises of the Contractor or a subcontractor, the Contractor shall furnish and shall require subcontractors to furnish all reasonable facilities and assistance for the safe and convenient performance of these duties.

(e) Unless otherwise specified in the contract, the Government shall accept supplies as promptly as practicable after delivery, and supplies shall be deemed accepted 60 days after delivery, unless accepted earlier.

(f) At any time during contract performance, but no later than 6 months (or such other time as may be specified in the contract) after acceptance of the supplies to be delivered under the contract, the Government may require the Contractor to replace or correct any supplies that are nonconforming at time of delivery. Supplies are nonconforming when they are defective in material or workmanship or are otherwise not in conformity with contract requirements. Except as otherwise provided in paragraph (h) below, the cost of replacement or correction shall be included in allowable cost, determined as provided in the Allowable Cost and Payment clause, but no additional fee shall be paid. The Contractor shall not tender for acceptance supplies required to be replaced or corrected without disclosing the former requirement for replacement or correction, and, when required, shall disclose the corrective action taken.

(g) (1) If the Contractor fails to proceed with reasonable promptness to perform required replacement or correction, the Government may--

(i) By contract or otherwise, perform the replacement or correction and charge to the Contractor any increased cost or

make an equitable reduction in any fixed fee paid or payable under the contract;

(ii) Require delivery of undelivered supplies at an equitable reduction in any fixed fee paid or payable under the contract; or

(iii) Terminate the contract for default.

(g)(2) Failure to agree on the amount of increased cost to be charged to the Contractor or to the reduction in the fixed fee shall be a dispute.

(h) Notwithstanding paragraphs (f) and (g) above, the Government may at any time require the Contractor to correct or replace, without cost to the Government, nonconforming supplies, if the nonconformances are due to (1) fraud, lack of good faith, or willful misconduct on the part of the Contractor's managerial personnel or (2) the conduct of one or more of the Contractor's employees selected or retained by the Contractor after any of the Contractor's managerial personnel has reasonable grounds to believe that the employee is habitually careless or unqualified.

(i) This clause applies in the same manner to corrected or replacement supplies as to supplies originally delivered.

(j) The Contractor shall have no obligation or liability under this contract to replace supplies that were nonconforming at the time of delivery, except as provided in this clause or as may be otherwise provided in the contract.

(k) Except as otherwise specified in the contract, the Contractor's obligation to correct or replace Government-furnished property shall be governed by the clause pertaining to Government property.

SECTION F - DELIVERIES OR PERFORMANCE

F.1. Period of Performance

The period of performance for this contract is November 1, 1988 to April 30, 1989.

F.2. Reports/Deliverables

Contractor shall provide a monthly report to TFHA (Honduras and Washington) due not later than the fifth calendar day of the following month. This report shall at a minimum include the following:

- a. A narrative description of the achievements during the month, and cumulative achievements.
- b. Major problems encountered and proposed solutions to those problems.
- c. Work objectives for the following month.
- d. Financial Status report showing accrued expenditures for the month and cumulative accrued expenditures against the major budget line items (in the same format as the attached budget). Significant adjustments to the budget should also be discussed.

The Monthly report shall be submitted simultaneously to the Task Force in Washington D.C. and in Honduras.

The addresses for the Task Force are:

Washington (TFHA/W)  
Agency for International Development  
Task Force on Humanitarian Assistance  
Department of State, Room 3311  
Washington, DC 20523

Honduras (TFHA/H)  
Task Force on Humanitarian Assistance  
U.S. Embassy Tegucigalpa  
APO Miami, FL 34022

3. Stop-Work Order (APR 1984)--Alternate I (APR 1984)  
FAR 52.212-13

(a) The Contracting Officer may, at any time, by written order to the Contractor, require the Contractor to stop all, or any part, of the work called for by this contract for a period of 90 days after the order is delivered to the Contractor, and for any further period to which the parties may agree. The order shall be specifically identified as a stop-work order issued under this clause. Upon receipt of the order, the Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage. Within a period of 90 days after a stop-work order is delivered to the Contractor, or within any extension of that period to which the parties shall have agreed, the Contracting Officer shall either--

(1) Cancel the stop-work order; or

(2) Terminate the work covered by the order as provided in the Default, or the Default, or the Termination for Convenience of the Government clause of this contract.

(b) If a stop-work order issued under this clause is canceled or the period of the order or any extension thereof expires, the Contractor shall resume work. The Contracting Officer shall make an equitable adjustment in the delivery schedule, the estimated cost, the fee, or a combination thereof, and in any other terms of the contract that may be affected and the contract shall be modified, in writing, accordingly, if--

(1) The stop-work order results in an increase in the time required for, or in the Contractor's cost properly allocable to, the performance of any part of this contract; and

(2) The Contractor asserts a claim for the adjustment within 30 days after the end of the period of work stoppage; provided, that, if the Contracting Officer decides the facts justify the action, the Contracting Officer may receive and act upon the claim asserted at any time before final payment under this contract.

(c) If a stop-work order is not canceled and the work covered by the order is terminated for the convenience of the

Government, the Contracting Officer shall allow reasonable costs resulting from the stop-work order in arriving at the termination settlement.

(d) If a stop-work order is not canceled and the work covered by the order is terminated for default, the Contracting Officer shall allow, by equitable adjustment or otherwise, reasonable costs resulting from the stop-work order.

SECTION G - CONTRACT ADMINISTRATION DATA

G.1 Method of Payment

Payment to the Contractor shall be made by letter of credit (LOC). The LOC number is 72001572. The Contractor's address is:

International Medical Corps  
10880 Wilshire Boulevard  
Suite 606  
Los Angeles, California 90024

G.2. Project Officer

The Project Officer in Honduras responsible for the technical requirements covered by this contract is Francisco Zamora for TFHA/H.

G.3. Appropriation and Obligation Information

PIO/T: 594-000-3-9000-1  
Amount Obligated: \$3,021,740  
Appropriation No.: 72-1191038 All  
Budget Plan Code: VRRRA-89-29594-HG84  
Project Number: 594-0000.02  
Total Estimated Cost: \$3,021,740

G.4. Correspondence Procedures (APR 1984)

To promote timely and effective administration, correspondence (except for invoices and reports) submitted under this contract shall be subject to the following procedures:

- (a) Technical Correspondence. Technical correspondence, as used herein, excludes technical correspondence where patent or technical data issues are involved and correspondence which proposes or otherwise involves waivers, deviations, or modifications to the requirements, terms, or conditions, of this contract). Technical correspondence shall be addressed to the Contracting Officer's Technical Representative (COTR), with an information copy of the correspondence to the Contract Specialist (see below).

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- (b) All correspondence, other than technical correspondence shall be addressed to the Contracting Officer.
- (c) Subject Lines(s). All correspondence shall contain a subject line commencing with the contract number, as illustrated below:

"SUBJECT: Contract No. (Insert the contract number from cover page) (Insert subject topic after contract number, e.g. 'Request for subcontract placement consent')."

G.5. Government Contact for Post Award Administration (APR 1984)

The Contractor shall use one of the following Government contacts as applicable, as the focal point for all matters regarding this contract except technical matters (see clauses G.3 (a), for definition):

- (a) Contracting Officer: The Contracting Officer for this action is James E. Corley.
- (b) Contracting Officer's Address: The Contracting Officer's, address is as follows:

Agency for International Development  
M/SER/OP/W/CO  
Washington, DC 20523-1428

Attn: Contract No. PDC-0000-C-00-9005-00

- (c) TFHA/W Representative: The TFHA/W representative for this contract is Donald Soules.
- (d) Contracting Officer's Technical Representative (COTR)

The COTR'S address is set forth in block 6 of Standard Form 26.

SECTION H - SPECIAL CONTRACT REQUIREMENTS

H.1. Consignment of Goods Shipped

The Contractor shall consign equipment and commodities purchased under this program to the U.S. Embassy in Tegucigalpa. When such a shipment is made, Contractor must provide prior notice to the Task Force Project Officer at the U. S. Embassy, to assure proper liaison and approval from the Government of Honduras, and to foster expeditious retrieval from Honduran Customs.

H.2. Procurement: General

Prior to procurement of equipment, a list of items to be procured must be submitted, reviewed, and approved by Project Office TFHA/H in Honduras.

H.3. Procurement: Specialized Equipment

Under the review delineated in clause entitled "Procurement: General", TFHA/H may determine some items as "specialized". For such items, the Contractor will certify to TFHA/H in writing, that:

(a). That Resistance Medical Corps staff have (or will have) sufficient training to properly use the equipment.

(b). That adequate measures have been taken to assure maintenance of the equipment -- including training of Resistance staff to do so.

(c). That the Contractor has conducted a thorough review as to the appropriateness of the equipment being procured and the availability of spare parts and service in country of the brand being purchased, and has determined that the choice of equipment being purchased is appropriate.

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H.4. Procurement: Defense Base Act (DBA) Insurance

Pursuant to the contract clause entitled "Insurance-Worker's Compensation, Private Automobiles, Marine and Air Cargo" (AIDAR 752.228-70), the Contractor is required to have DBA coverage for certain categories of employees involved in performing work overseas. This insurance is required to be placed with CIGNA through its agent:

Wright & Company  
1400 I Street, NW  
Suite 1100  
Washington, DC 20005  
(202)289-0200  
(800)424-9801  
Telex: 440508

H.5. Language Requirements

Fluency in Spanish is required for the Operations Director (the FSI level is R3-S3) and for assistant administrators and directors at Tegucigalpa-Aguacate, Mosquitia, and Miami (the FSI level is R2+-S2+). For all other Contractor personnel and volunteers in country, Spanish fluency is strongly recommended. The Contracting Officer make grant exceptions for the language requirements under this contract.

H.6. Title to Property

Title to property remains with the Contractor until the property is accepted by the U.S. Government. The title to the property consigned to the U.S. Embassy in Honduras shall pass to the U.S. Government when the property clears Honduran customs. Once clear of Honduran customs, the property is subject to the contract clause entitled "Government Property (Cost Reimbursement)".

H.7. Priority of Patient Care

Patient care will be provided in the following order of

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preference -- starting with the most preferred method and ending with the least preferred:

- a. Patient care in Honduras by the Medical Corps or local doctors.
- b. Patient care at Aguacate administered by doctors brought in from the U.S.
- c. Patient is medevaced to Miami and treated by the Miami Medical Team
- d. Patient is treated in Miami by donated services (from Miami or brought in from elsewhere) outside of the Miami Medical Team.
- e. Patient is treated outside of Miami by donated Services.

In the extraordinary event that none of the above approaches will result in provision of needed specialized medical services, Contractor will propose to TFHA/W an alternative approach (which may include paid services). For such cases, prior approval from TFHA/W on a case-by-case basis is required.

#### H.8. Vocational Training

Prior to initiation of vocational training, the Contractor will request written approval of the Task Force in Honduras to proceed. Any vocational skill training will then be coordinated with the (proposed) TFHA vocational training contractor(s) to avoid duplication of effort and to assure that efficiency in training is maximized.

#### H.9. Implementation Plan

Within 30 days of the signature of this Contract, the Contractor shall provide to TFHA (TFHA in Honduras; copy to TFHA in Washington) a detailed, time-phased implementation plan indicating the timing for deployment of personnel (including surgeons and technical assistance personnel), and for shipment of equipment. This plan will be updated, as necessary, in the monthly reports.

H.10

Technical Direction

- (a) Performance of the work under this contract shall be subject to the technical direction of Contracting Officer's Technical Representative (COTR) identified elsewhere in this contract. The term "technical direction" is defined to include:
- (1) Directions to the Contractor which shift work emphasis between work areas or tasks, fill in details or otherwise serve to accomplish the contractual Statement of Work.
  - (2) Provision of written information to the Contractor which assists in the interpretation of drawings, specifications or technical portions of the work description.
  - (3) Review and, where required by the contract, approval of technical reports, drawings, specifications and technical information to be delivered by the Contractor to the Government under the contract.
- (b) Technical direction must be within the scope of work stated in the contract. The COTR does not have the authority to, and may not, issue any technical direction which:
- (1) Constitutes an assignment of additional work outside the Statement of Work;
  - (2) Constitutes a change as defined in the contract clause entitled "Changes";
  - (3) In any manner causes an increase or decrease in the total estimated contract cost, fixed fee (if any), or the time required for contract performance;
  - (4) Changes any of the expressed terms, conditions or specifications of the contract; or
  - (5) Interferes with the Contractor's right to perform the terms and conditions of the contract.
- (c) All technical directions shall be issued in writing by the COTR.

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(d) The Contractor shall proceed promptly with the performance of technical directions duly issued by the COTR in the manner prescribed by this clause and within his authority under the provisions of this clause. If, in the opinion of the Contractor, any instruction or direction by the COTR falls within one of the categories defined in (b)(1) through (5) above, the Contractor shall not proceed but shall notify the Contracting Officer in writing within five (5) working days after receipt of any such Contracting Officer to modify the contract accordingly. Upon receiving the notification from the Contractor, the Contracting Officer shall:

(1) Advise the Contractor in writing within thirty (30) days after receipt of the Contractor's letter that the technical direction is within the scope of the contract effort and does not constitute a change under the "Changes" clause of the contract;

(2) Advise the Contractor within a reasonable time that the Government will issue a written change order.

(e) A failure of the Contractor and Contracting Officer to agree that the technical direction is within the scope of the contract, or a failure to agree upon the contract action to be taken with respect thereto shall be subject to the provisions of the Clause entitled "Disputes - Alternate I."

H.11. Modification Authority (APR 1984)

Notwithstanding any of the other clauses of this contract, the Contracting Officer shall be the only individual authorized to:

- (a) accept nonconforming work,
- (b) waive any requirement of this contract, or
- (c) modify any term or condition of this contract.

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H.12. Audit

A concurrent financial and compliance audit of the (1) uses of the funds under this contract, (2) internal controls over the funds, and (3) compliance with agreement terms, laws, and regulations shall be made by the Office of the Inspector General, or its designee. The audit shall be conducted in accordance with the U.S. General Accounting Office Standards for Audit of Governmental Organizations, Programs, Activities and Functions (1988 Revision). This audit may be subject to review by the U.S. General Accounting Office.

H.13. Use of Task Force Helicopter Services

The helicopter services contracted by the Task force may be used for delivery of medical services, personnel and equipment, and for movement of patients to receive medical services. The helicopters are also used for many other activities of the Humanitarian Assistance Program. TFHA maintains control of the use of these helicopters. Therefore Contractor must provide TFHA/H with sufficient advance notice (at least 48 hours) and the planned itinerary to assure availability of a helicopter at the time needed. Planning with TFHA/H will be required if the Contractor anticipates heavy use of this service.

H.14. Combat Situation

It is understood that this is a Humanitarian Assistance program, and that TFHA will not require of the Contractor to perform in areas where there is known active combat. All U.S. citizens hired under this contract and sent to Honduras will be afforded the same services and protection that the U. S. Embassy affords all U. S. citizens there.

H.15: Source/Origin of Goods and Services

Source and origin code for all goods and services shall be 935 except as specifically approved in writing by the Contracting Officer.

H.16. Representations, Certifications and Other Statements of the Offeror

The Representations, Certifications and Other Statements of the Offeror, dated December 5, 1988 for this contract are hereby incorporated by reference.

H.17. Subcontracts

(a) Prior to the placement of subcontracts and in accordance with the clause, "Subcontracts Under Cost-Plus and Letter Contracts," the Contractor shall ensure that:

1) they contain all of the clauses of this contract (altered when necessary for proper identification of the contracting parties) which contain a requirement for such inclusion in applicable subcontracts. Particular attention should be directed to the potential flowdown applicability of the clauses entitled "Utilization of Small Business Concerns and Small Disadvantaged Business Concerns" and "Small Business and Small Disadvantaged Business Subcontracting Plan" contained in Section I;

(2) any applicable subcontractor Certificate of Current Cost or Pricing Data (see FAR 15.804-2) and subcontractor Representations and Certifications (see the document referenced in Clause H.013 hereof); and

- (3) any required prior notice and description of the subcontract is given to the Contracting Officer and any required consent is received. Except as may be expressly set forth therein, any consent by the Contracting Officer to the placement of subcontracts shall not be construed to constitute approval of the subcontractor or any subcontract terms or conditions, determination of the allowability of any cost, revision of this contract or any of the respective obligations of the parties thereunder, or creation of any subcontract privity of contract with the Government.
- (b) The Contractor shall also obtain and furnish to the Contracting Officer either an OCI Disclosure Statement or Representation form in accordance with AIDAR 737.270(e) "Organizational Conflicts of Interest Representation" for all subcontractors to be utilized under this contract. No work shall be performed by the subcontractor until the Contracting Officer has cleared the subcontractor for Organizational Conflicts of Interest (OCI).
- (c) The following subcontractors have been cleared by the Contracting Officer for Organizational Conflicts of Interest (OCI).:

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PART II

SECTION I - CONTRACT CLAUSES

FAR 52.252-2 Clauses Incorporated by Reference (APR 1984)

This contract incorporates the following clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available.

<u>FAR/AIDAR Reference</u>	<u>Title</u>	<u>Date</u>
52.202-1	Definitions	(APR 1984)
752.202-1	Definitions Alternate 70	(APR 1984)
752.202-1	Definitions Alternate 72	(DEC 1986)
52.203-1	Officials Not to Benefit	(APR 1984).
752.203-1	Officials Not to Benefit	(APR 1984).
52.203-3	Gratuities	(APR 1984).
52.203-5	Covenant Against Contingent Fees	(APR 1984).
52.203-6	Restrictions on Subcontractor Sales to the Government	(JUL 1985)
52.203-7	Anti-Kickback Procedures	(FEB 1987).
52.204-1	Approval of Contract	(APR 1984).
52.204-2	Security Requirements	(APR 1984).
52.204-2	Security Requirements.	(APR 1984).
52.215-1	Examination of Records by Comptroller General	
52.215-2	Audit--Negotiation	(APR 1984)
52.215-22	Price Reduction for Defective Cost or Pricing Data	(APR 1988).
52.215-23	Price Reduction for Defective Cost or Pricing Data	(APR 1984)
52.215-24	Price Reduction for Defective Cost or Pricing Data --Modifications	(APR 1985)
52.215-25	Subcontractor Cost or Pricing Data	(APR 1985).
52.215-25	Subcontractor Cost or Pricing Data-Modifications	(APR 1985)
52.215-31	Waiver of Facilities Capital Cost of Money	(SEP1987)
52.215-33	Order of Precedence	(JAN 1986)
52.216-7	Allowable Cost and Payment	(APR 1984).
52.216-11	Cost Contract--No Fee	(APR 1984).
52.219-8	Utilization of Small Business Concerns and Small Disadvantaged Business Concerns	(JUN 1985)

<u>FAR/AIDAR Reference</u>	<u>Title</u>	<u>Date</u>
752.219-8	Utilization of Small Business Concerns	
52.219-9	and Small Disadvantaged Business Concerns	
52.219-13	Small Business and Small Disadvantaged Business Subcontracting Plan	(APR 1984)
52.220-1	Utilization of Women-Owned Small Businesses	(AUG 1986)
52.220-3	Preference for Labor Surplus Area Concerns	(AUG 1986)
52.220-4	Utilization of Labor Surplus Area Concerns	(APR 1984)
52.222-1	Labor Surplus Area Subcontracting Program	(APR 1984)
52.222-2	Notice to the Government of Labor Disputes	(APR 1984)
52.222-3	Payment for Overtime Premiums	(APR 1984).
52.222-26	Convict Labor	(APR 1984).
52.222-28	Equal Opportunity	(APR 1984).
52.222-29	Equal Opportunity Preaward Clearance of Subcontracts	(APR 1984)
52.222-35	Notification of Visa Denial	(APR 1984).
52.222-36	Affirmative Action for Special Disabled and Vietnam Era Veterans	(APR 1984)
52.223-2	Affirmative Action for Handicapped Workers	(APR 1984)
52.225-7	Clean Air and Water	(APR 1984).
752.225-9	Balance of Payments Program	(APR 1984).
752.7004	Buy American Act -- Trade Agreements Act --Balance of Payments Program	
52.225-11	Source and Nationality Requirements	(MAY 1986).
752.228-70	Certain Communist Areas	(APR 1984).
52.228-7	Insurance -- Worker's Compensation, Private Automobiles, Marine and Air Cargo	
52.229-8	Insurance--Liability to Third Persons	(APR 1984).
52.230-3	Taxes--Foreign Cost-plus Contracts	(APR 1984)
52.230-4	Cost Accounting Standards	(SEP 1987).
	Administration of Cost Accounting Standards	(SEP 1987)

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<u>FAR/AIDAR Reference</u>	<u>Title</u>	<u>Date</u>
52.230-5	Disclosure and Consistency of Cost Accounting Practices	(SEP 1987)
752.7003	Documentation for Payment	(APR 1984)
752.232-70	Letter of Credit Advance Payment	(AUG 1984)
752.7010	Conversion of U.S. Dollars to Local Currency	(APR 1984)
52.232-17	Interest	(APR 1984)
52.232-20	Limitation of Cost	(APR 1984)
52.232-24	Prohibition of Assignment of Claims	(APR 1984)
52.233-1	Disputes	(JAN 1986)
52.233-1	Disputes (APR 1984)--Alternate I	(APR 1984)
52.233-3	Protest after award--Alternate I	(APR 1984)
752.7008	Use of Government Facilities or Personnel	(JUN 1985)
52.243-2	Changes-Cost Reimbursement	(APR 1984)
52.244-2	Subcontracts (Cost-plus and Letter Contracts)	(AUG 1987)
52.244-5	Competition in Subcontracting	(JUL 1985)
52.245-1	Property Records	(APR 1984)
52.245-5	Government Property (Cost-plus, Time-and-Material, or Labor-Hour Contracts)	(APR 1984)
752.245-70	Government Property -- AID Reporting Requirements	(JAN 1986)
752.245-71	Title to and Care of Property	(APR 1984)
52.246-25	Limitation of Liability--Services	(APR 1984)
752.7002-70	Travel and Transportation	(AUG 1986)
52.247-1	Commercial Bill of Lading Notations	(APR 1984)
52.247-63	Preference for U.S.-Flag Air Carriers	(APR 1984)
52.247-64	Preference for Privately Owned U.S.-Flag Commercial Vessels	(APR 1984)

MODIFICATION OF CONTRACT

ORIGINAL

2. AMENDMENT/MODIFICATION NO. 01

3. EFFECTIVE DATE March 31, 1989

4. REQUISITION/PURCHASER REQ. NO. 594-000-3-90001, A2 & A3

5. PROJECT NO. (If applicable) 1 2

6. ISSUED BY Agency for International Development  
Office of Procurement  
Special Projects Office  
Washington, D.C. 20523

7. ADMINISTERED BY (If other than Item 6) TFHA/H  
C/O U.S. Embassy Tegucigalpa  
APO Miami, FL 34022

8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code)  
International Medical Corps  
10880 Wilshire Blvd  
Suite 606  
Los Angeles, CA 90024

9A. AMENDMENT OF SOLICITATION NO.

9B. DATED (SEE ITEM 11)

10A. MODIFICATION OF CONTRACT/ORDER NO.  
X PDC-0000-C-00-9005-00

10B. DATED (SEE ITEM 13)  
December 5, 1988

DUNS No.: 18-837-5218

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers  is extended,  is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:  
(a) By completing Items 8 and 15, and returning \_\_\_\_\_ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.

B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).

C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: Section 9013(d) of Defense Appropriation Act of 1989

D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor  is not,  is required to sign this document and return original & 6 copies to the Issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by DCP section headings, including solicitation/contract subject matter where feasible.)  
The purpose of this modification is to re-designate the contracting officer, the Washington point of contact, and the project officer shown in Section G.5; and to extend the completion date of the contract from April 30, to May 31, 1989.

- continued on page 2 -

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print)  
NANCY A. AOSSEY  
EXECUTIVE DIRECTOR

15B. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)  
Francis J. Moncada

15C. DATE SIGNED  
4/6/89

15D. UNITED STATES OF AMERICA  
BY Francis J. Moncada  
(Signature of Contracting Officer)

15E. DATE SIGNED  
3-31-89

15F. SIGNATURE OF CONTRACTOR/OFFEROR  
Nancy A. Ossey  
(Signature of person authorized to sign)

NSN 7540-01-152-8070  
PREVIOUS EDITION UNUSABLE

ORIGINAL

STANDARD FORM 30 (REV. 10-83)  
Prescribed by GSA  
FAR (48 CFR) 53.243

2. AMENDMENT/MODIFICATION NO.

02

6. ISSUED BY

Contracting Office  
USAID/TFHA/Honduras  
APO Miami, FL 34022

3. EFFECTIVE DATE

1 June 1989

4. REQUISITION

594-000-3-90001

PHASE REQ. NO.

5. PROJECT NO. (If applicable)

CODE

7. ADMINISTERED BY (If other than Item 6)

CODE

8. NAME AND ADDRESS OF CONTRACTOR (No. *incl. country, State and ZIP Code*)

International Medical Corps  
10880 Wilshire Blvd  
Suite 606  
Los Angeles, CA 90024

DUNS No.: 18-837-5218

**POSTED TO MACS**

RES CON # M570001

OBLIGATED  H

INITIAL \_\_\_\_\_

APPROVED

9A. AMENDMENT OF SOLICITATION NO.

9B. DATED (SEE ITEM 11)

10A. MODIFICATION OF CONTRACT/ORDER NO.

PDC-0000-C-00-9005-00

10B. DATED (SEE ITEM 13)

December 5, 1988

CODE

11. THIS ITEM **ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS**

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers  is extended  is not extended. Offer's must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:

(a) By completing Items 8 and 15, and returning \_\_\_\_\_ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

72-119/01038

VRR98929594HG84

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

- A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
- B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).
- C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: Section 9013(d) of Defense Appropriation Act of 1989
- D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor  is not,  is required to sign this document and return original copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

The purpose of this modification is to extend the completion date of the contract from May 31, 1989 to March 31, 1990, to amend the scope of work, and to provide additional funds. The contract is amended as follows:

Cover Page:

Under 15.G., Total Amount of Contract. Delete "\$3,021,740" and insert in lieu thereof "\$8,095,180".

M570001

PDC-0000-C-00-9005-00

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) SCOTT SATTLER		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) LEONEL PIZARRO	
15B. CONTRACTOR/OFFEROR <i>Scott Sattler</i> (Signature of person authorized to sign)		15C. DATE SIGNED 6/14/89	16B. UNITED STATES OF AMERICA BY <i>Leonel Pizarro</i> (Signature of Contracting Officer)
			16C. DATE SIGNED 6/14/89

FORM 7540-01-152-8070  
PREVIOUS EDITION UNUSABLE

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B.3 Establishment of Indirect Cost Rates

Delete in its entirety and insert in lieu thereof the following:

Pursuant to the provisions of the clause of this contract entitled "Allowable Cost and Payment (APR 1984)," a rate of rates shall be established for each of the Contractor's accounting periods which apply to this contract. Pending establishment of revised provisional or final indirect cost rates for each of the Contractor's accounting periods which apply to this contract, provisional payment 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 are set forth below:

For Accounting Period Ending:	Type	Base	Provisional Rate
6/30/83	Indirect Cost	Total Direct Costs	12.0 %
6/30/90	Indirect Cost	Total Direct Costs	12.0 %

B.4. Advance Understanding on Ceiling Indirect Cost Rates and Final Reimbursement for Indirect Costs

Delete Item 3 in its entirety and insert in lieu thereof the following:

"3 Reimbursement for indirect costs shall be at final negotiated rates, but not in excess of the following ceiling rates:

Accounting Period Ending:	Ceiling Rate:
June 30, 1989	17.0 %
June 30, 1990	17.0 %



Part III. Description of Services

A. Contract arrangement structure

Delete this paragraph in its entirety and insert in lieu thereof the following:

"The contract is characterized by a wide array of medical, or medically related activities, in several locations. The Contractor shall put in place sufficient support staff to implement the contract and assure accountability. Additional personnel may be brought in as needed to augment the medical services being provided, and to provide medical assistance to the Resistance Medical Corps. Staffing shall be modified in consultation with TFHA. Field personnel shall maintain regular contact with the Health Project Manager in the Task Force in Honduras. At least weekly contact with the Task Force in Washington, D.C. is also required."

B. Administrative Support

Delete this section in its entirety and insert in lieu thereof the following:

"Contractor shall provide technical assistance, training, and equipment. In addition, Contractor shall provide support (salaries and equipment) directly to the Resistance Medical Corps staff. While it is expected that the Contractor will solve problems in the Medical Corps system that demand professional attention, it is also expected that the Contractor will train Medical Corps staff to solve such problems in the future if appropriate trainees are available as determined by IMC.

IMC shall at an estimated cost of \$10,000 per month rent up to eight vehicles for the use of the Cuerpo Medico. IMC should not exceed the limit of \$100,000 for all costs associated with vehicle rental for the use by the Cuerpo Medico including but not limited to vehical rental, insurance, excess mileage charges and repair charges for vehicles damaged by the Cuerpo Medico without prior written approval of TFHA. IMC will ensure that the Cuerpo Medico maintains daily logs accounting for the use of each vehicle."

1 b. Medical Corps doctors and nurses

Delete this paragraph in its entirety and insert in lieu thereof the following:

"It is not anticipated at this time that the size of the Cuerpo Medico will be expanded beyond May 31, 1989 level of 13 physicians. If circumstances change and it is necessary to expand the Cuerpo Medico, IMC will obtain prior written approval from TFHA. Advance approval for each medical specialist shall be obtained from TFHA."

1 c. Procurement of equipment needed by the Medical Corps

Delete this section in its entirety and insert in lieu thereof the following:

"To the extent possible and feasible, existing equipment will be maintained in good repair. See also Section H.3. Laboratories in the Medical Corps system, however, are currently lacking in equipment needed to perform many of the tasks normally required of a medical laboratory.

IMC shall develop a list of medical equipment and supplies in consultation with the Cuerpo Medico for approval by TFHA. Once approved, IMC will expeditiously procure the listed items. IMC will continue to observe the procurement regulations approved by the TFHA Contracting Office.

Local servicing capability as well as availability of spare parts will be given high priority consideration in the procurement process.

The Contractor will be responsible for procurement and shipment of equipment and supplies".

1 d. Review of Pharmaceuticals and Medical Supply Requests

Delete this section in its entirety and insert in lieu thereof the following:

"The Contractor's Project Director or his/her designee shall review requests for supplies. The Medical Corps in consultation with IMC prepares the procurement lists for both locally procured and U.S. procured supplies.

IMC shall make fully operational a computerized inventory system which can identify needs for medication and supplies on a regular monthly basis. Using usage rates and this inventory system, IMC will prepare monthly lists of U.S. medications which are needed by the Cuerpo Medico. The lists will be transmitted to TFHA in an order ready format. TFHA will review the list and send it to AID/W SER/COMS/OPS, for procurement by the Veteran's Administration. IMC shall meet and inventory the shipments when they arrive in Honduras.

IMC shall prepare monthly lists of locally available medications for review and approval by TFHA. IMC shall proceed to procure approved local medications. IMC shall make every effort to keep to a minimum the amounts and types of local medications. TFHA's preference is procurement of medications from the United States and will authorize local procurement on an emergency basis or whenever there is no U.S. equivalent for a needed medication.

IMC is authorized to utilize contract funds to purchase liability insurance to cover any litigation and damages from the use of medicines procured by IMC for use of the Cuerpo Medico."

1 e. Yatama

Delete this paragraph in its entirety and insert in lieu thereof the following:

"Since the Yatama have no Medical Corps of their own, special care must be taken to assure that they receive adequate medical treatment. Contractor shall assign a full-time employee to the Mosquitia, responsible for assuring that adequate services are provided to the Yatama combatants and their families. Support will include the improvement of facilities, the provision of essential medical equipment, and vehicles to ensure service delivery to other remote locations in the Mosquitia. In addition, the Contractor will assist the Yatama in re-invigorating their paramedical personnel, providing new basic training for them as necessary.

IMC shall procure medications, supplies, and equipment for the Yatama Program."

2.a. Hospital Administration

Delete this section in its entirety and insert in lieu thereof the following:

"Hospital Administration. There are many administrative aspects to running the main ERN/North hospital (at Aguacate) that are currently being performed by doctors and untrained staff. More effective management of the facilities, the equipment and supplies, patient food and clothing, pharmaceutical inventory control, generator operation and maintenace, and bookkeeping/record keeping, etc. will require the guidance and technical assistance of the contractor."

2.b. Equipment Management

Delete this section in its entirety and insert in lieu thereof the following:

"Each of the ERN North medical facilities requires maintenace --both for equipment (including medical equipment) and for upkeep of physical plant.

IMC shall in consultation with Cuerpo Medico procure building materials for improvements to existing medical facilities and/or new construction and pay for a limited number of operational expenses such as butane for stoves and diesel for generators.

IMC will obtain TFHA/H approval for such expenditures when they exceed the discretionary spending limit as defined in the approved procurement guidelines.

Medical equipment maintenance specialists are required to provide hands-on technical assistance and training in equipment operation, repair and preventive maintenance. Equipment management will include both direct maintenance and maintenance training for both medical equipment and support equipment (such as generators). Contractor will repair (or supervise the repair of) equipment as the situation requires, and will provide hands-on training of available Resistance staff in repair and maintenance techniques. This includes provision of spare parts or replacement of equipment as necessary.

1  
-723

IMC will provide training to maintain newly procured equipment contingent on the availability of personnel from the Cuerpo Medico."

2.c. Management of pharmaceuticals and supplies

Delete this section in its entirety and insert in lieu thereof the following:

"Although the Resistance has sizable quantities of pharmaceuticals and supplies, management of these materials should be improved. The Contractor will provide TA and training in pharmaceuticals and supplies management. Pharmaceuticals management by the Medical Corps will include establishment of better controls, regular inventory, improved storage practices and review of prospective orders for procurement from U.S. and local sources well in advance of need.

An up-to-date data base has been established and must be maintained. A computerized inventory system has been developed to track the flow of medicines and medical supplies throughout the medical system. There are still bugs in the system and it is imperative that IMC obtain the services of a competent computer program/systems analyst to make the system fully operational. A functioning medical inventory system will facilitate the compilation of valid usage rates from June 1 forward and the procurement of medical supplies and medicines. Previous usage rates are acknowledged to be inaccurate and of minimal use for future orders.

Additionally, IMC will be responsible for providing to AID specific accounting information on a bi-weekly basis with reports due on or before the 2nd and 17th of each month. This information will include accrued expenditure and delivery data for 1) the IMC contract, 2) all U.S. procurement by IMC, and 3) all local procurement and services by IMC broken down into ERN and Yatama."

3. Technical Assistance for Medical Services

Delete this section in its entirety.

C. Specialized Services

2. Medical Evacuations to the U.S.

Delete this section in its entirety and insert in lieu thereof the following:

"This service is not only needed by the Resistance in Honduras, but also by the Resistance in Costa Rica as well as by the Yatama:

- For Costa Rica, Contractor's employee will establish and maintain contact with the TFHA Field Operations Officer in Costa Rica, and establish a system for Medivac of Costa Rica patients to Aguacate, Miami, or elsewhere as appropriate.
- For the Yatama, the Contractor's Yatama Administrator will coordinate with the Project Director to arrange medevac of Yatama combatans and their families to Aguacate, Miami, or elsewhere as appropriate.

In each case the Project Director is responsible for full coordination with TFHA/Honduras and with the Medical Corps. When the facilities available locally are not sufficient to perform the needed medical services, patients may be medevaced to the United States. The Director of Operations or his/her designee will be responsible for coordination and follow-up of medical evacuations. Such coordination would include the Medical Corps, TFHA/H, and the Miami Medical Team. Medical evacuation to the United States includes the following:

- a. Miami. There is a Miami Medical Team which has regularly serviced the specialized medical and surgical needs of the Resistance. The Contractor will continue to utilize this medical team to the extent possible.

More specifically, the Contractor is responsible for managing a secure rental house to be used as a recuperation facility in (or near) Miami, sufficient to house and feed at least 10 patients -- during the pre-surgery and post-surgery convalescence period. Contractor is responsible for paying transportation costs, rents, food, clothing, nursing care, administration of the residential facility, as well as hospital overhead costs and other associated costs. The Contractor must also assure the security of the patients as well as their prompt departure from the U.S. once it is medically advisable to do so.

On occasion, the Miami Medical Team may not have the expertise available to perform a specialized operation, and there may be a need to bring a specialized doctor in from the outside. In such a case, the Contractor would pay the transportation and per diem for the doctor.

b. Specialized Services Outside Miami

The services in Miami are adequate to cover most cases. However should the needed services not be available there, or in the event that the Miami Medical Team becomes overloaded, the Contractor may send the patient to other medical facilities outside of Miami. The Contractor will send the patient to other cities when it is medically advisable to do so, when services in Miami cannot be provided in a timely fashion, when volunteer medical services in the other city are available, and when it is assured that the same needs of the patient that are covered in Miami can be adequately met in the other city. The Contractor may pay all reasonable costs to attain this same level of services. See also the clauses in Section H.7 entitled "Priority to Patient Care."

Section D Packaging and Marketing

2. Marketing (APR 1984) AIDAR 752.7009

Delete this section in its entirety.

Section F - Deliveries or Performance

2. Delete "fifth calendar day" and insert in lieu thereof "tenth calendar day".

Section G. Contract Administration Data

G.2 Project Officer

Delete "Francisco Zamora" and insert in lieu thereof "Spencer Silberstein".

All other terms and conditions of the contract remain unchanged.

2. AMENDMENT/MODIFICATION NO. 03		3. EFFECTIVE DATE July 3, 1989	4. REQUISITION/PURCHASE REQ. NO. 594-000-3-90001	5. PROJECT NO. (If applicable)
6. ISSUED BY Contracting Office USAID/TFHA/Honduras APO Miami, FL 34022		7. ADMINISTERED BY (If other than Item 6)	CODE	

NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code)  International Medical Corps 10880 Wilshire Blvd Suite 606 Los Angeles, CA 90024		9A. AMENDMENT OF SOLICITATION NO.
CODE		9B. DATED (SEE ITEM 11)
FACILITY CODE		10A. MODIFICATION OF CONTRACT/ORDER NO. PDC-0000-C-00-9005-00
		10B. DATED (SEE ITEM 13) December 5, 1989

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers  is extended,  is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:  
 (a) By completing Items 8 and 15, and returning \_\_\_\_\_ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)  
72-119/01038 VRR98929594HG84

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.

B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).

C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:  
Section 9013(d) of Defense Appropriation Act of 1989

D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor  is not,  is required to sign this document and return original copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

The purpose of this modification is to increase the total amount obligated by \$345,948.

The contract is amended as follows:

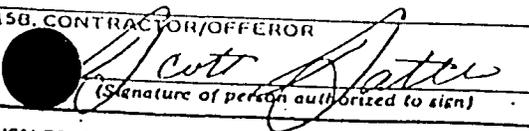
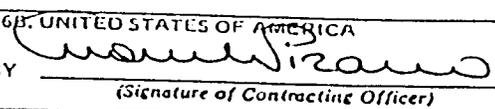
Under Part I - Supplier of Services and Prices/Costs

B.1 Estimated Cost and Fixed Fee

(b) Delete "\$2,203,100" and insert in lieu thereof "\$2,549,048".

All other terms and conditions of this contract remain unchanged.

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) SCOTT SATTLER		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) LEONEL PIZARRO	
15B. CONTRACTOR/OFFEROR  (Signature of person authorized to sign)		15C. DATE SIGNED 7/5/89	16B. UNITED STATES OF AMERICA BY  (Signature of Contracting Officer)
		16C. DATE SIGNED 7/5/89	

SECTION G - CONTRACT ADMINISTRATION DATA

G.3 Appropriation and Obligation Information

Delete in its entirety and substitute in lieu thereof the following:

"PIO/T #:	594-000-3-90001 a.2
Amount Obligated:	\$1,726,860
Appropriation #:	72-119/01038
Budget Plan Code:	VRR99029594HG84
Project No:	594-0000.02
Total Estimated Cost:	\$8,095,180"

All other terms and conditions of this contract amendment remain unchanged.

1520

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. CONTRACT ID CODE PAGE OF PAGE

2. AMENDMENT/MODIFICATION NO. 04

3. EFFECTIVE DATE Oct. 01, 1989

4. REQUISITION/PURCHASE REQ. NO. 594-000-3-90001 a. 2

5. PROJECT NO. (If applicable)

6. ISSUED BY

CODE

7. ADMINISTERED BY (If other than Item 6)

CODE

Contracting Office, TFHA/H  
USAID/Honduras  
APO Miami, FL 34022

8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code)

International Medical Corps  
10880 Wilshire Blvd.  
Suite 606  
Los Angeles, CA 90024

9A. AMENDMENT OF SOLICITATION NO.

9B. DATED (SEE ITEM 11)

10A. MODIFICATION OF CONTRACT/ORDER NO.

PDC-0000-C-00-9005-00

10B. DATED (SEE ITEM 13)

December 5, 1989

CODE

FACILITY CODE

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers  is extended,  is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:  
(a) By completing Items 8 and 15, and returning \_\_\_\_\_ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)  
72-119/01038 VRR99029594HG84

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

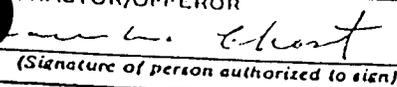
- A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
- B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).
- C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: Section 9013(d) of Defense Appropriation Act of 1989.
- D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor  is not,  is required to sign this document and return original copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

The purpose of this modification is to obligate additional funds through 12/31/89.  
The contract is amended as follows:

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) WALLACE W. CHASTAIN./PROJECT DIRECTOR		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) LEONEL PIZARRO	
15B. CONTRACTOR/OFFEROR  (Signature of person authorized to sign)		15C. DATE SIGNED 10/16/1989	16C. DATE SIGNED 10/16/89
		16B. UNITED STATES OF AMERICA BY  (Signature of Contracting Officer)	

PART I:

SECTION B - SUPPLIER OF SERVICES AND PRICES/COSTS

B.2 Budget

(b) Itemized Budget:

"Delete the budget figures in their entity and insert in lieu thereof the following:

"ITEMIZED BUDGET

For the period 6/1/89 to 3/31/90

CATEGORY	THROUGH 9/30/89	BUDGET AMOUNT		TOTAL
		10/1/89- 12/31/89	1/1/90- 3/31/90	
Salaries & Wages				
Home Office	\$ 225,000	\$ 35,000	\$ 25,000	\$ 285,000
Field Support - IMC & Kraus	700,000	315,000	180,000	1,195,000
Fringe Benefits*	175,000	70,000	45,000	290,000
Medical Corps	250,000	82,500	55,000	387,500
1.Total Salaries & Wages	1,350,000	502,500	305,000	2,157,500
2.Equipment and Consumables	2,300,000	350,000	180,000	2,830,000
3.Travel, Transportation and Per Diem	240,000	32,000	36,000	308,000
4.Medevac and Prosthetics	350,000	98,500	70,000	518,500
5.Other Direct Costs	680,000	250,000	175,000	1,105,000
TOTAL DIRECT COSTS	4,920,000	1,233,000	766,000	6,919,000
INDIRECT COSTS	590,400	147,960	91,920	830,280
TOTAL ESTIMATED COSTS:	\$5,510,400	\$1,380,960	\$ 857,920	\$7,749,280
Contingency for indirect cost rate adjustment to maximum ceiling				<u>345,900</u>
OTAL ESTIMATED COSTS:				\$8,095,180

\*Related to direct salaries and wages.

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TRAINING

AWARD/CONTRACT

CONTRACT (Proc. Inst. Ident.) NO. PDC-9901-C-00-9016-00

ISSUED BY: [Redacted]

3. EFFECTIVE DATE: December 23, 1988

4. REQUISITION/PURCHASE REQUEST/PROJECT NO: 594-003-3-90010

6. ADMINISTERED BY (If other than Item 5): Don Enos, Deputy Director  
TFHA/H  
c/o U.S. Embassy Tegucigalpa  
A.P.O. Miami, Florida 34022

7. NAME AND ADDRESS OF CONTRACTOR (No., street, city, county, State and ZIP Code):  
Creative Associates International, Inc.  
3201 New Mexico Avenue, N.W.  
Suite 270  
Washington, D.C. 20016

8. DELIVERY:  FOR ORIGIN  OTHER (See below)

9. DISCOUNT FOR PROMPT PAYMENT: NET

10. SUBMIT INVOICES (4 copies unless otherwise specified) TO THE ADDRESS SHOWN IN: ITEM 12

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1. SHIP TO/MARK FOR: CODE [Redacted] FACILITY CODE [Redacted]

12. PAYMENT WILL BE MADE BY: CODE [Redacted]  
Keith Romwall  
Controller  
TFHA/H U.S. Embassy Tegucigalpa

13. AUTHORITY FOR USING OTHER THAN FULL AND OPEN COMPETITION: Section 9013(d) of Def Appropriations Act of 1989

14. ACCOUNTING AND APPROPRIATION DATA: 72-1191038 VRRRA-89-29594-11G84  
Rev Control No.'s: F900070; M900056, Q900003,

15A. ITEM NO	15B. SUPPLIES/SERVICES	15C. QUANTITY	15D. UNIT	15E. UNIT PRICE	15F. AMOUNT
	Provision of Non-military Training to the Nicaraguan Resistance				

15G. TOTAL AMOUNT OF CONTRACT \$ 1,024,616

16. TABLE OF CONTENTS

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X	B	SUPPLIES OR SERVICES AND PRICES/COSTS	2	PART III - LIST OF DOCUMENTS, EXHIBITS AND OTHER ATTACH.			
X	C	DESCRIPTION/SPECS./WORK STATEMENT	7	J		LIST OF ATTACHMENTS	
X	D	PACKAGING AND MARKING	14	PART IV - REPRESENTATIONS AND INSTRUCTIONS			
X	E	INSPECTION AND ACCEPTANCE	14	K		REPRESENTATIONS, CERTIFICATIONS AND OTHER STATEMENTS OF OFFERORS	
X	F	DELIVERIES OR PERFORMANCE	17	L		INSTRS., CONDS., AND NOTICES TO OFFERORS	
X	G	CONTRACT ADMINISTRATION DATA	20	M		EVALUATION FACTORS FOR AWARD	
X	H	SPECIAL CONTRACT REQUIREMENTS	22				

CONTRACTING OFFICER WILL COMPLETE ITEM 17 OR 18 AS APPLICABLE

17.  CONTRACTOR'S NEGOTIATED AGREEMENT (Contractor is required to sign this document and return 12 copies to issuing office) Contractor agrees to furnish and deliver all items or perform all the services set forth or otherwise identified above and on any continuation sheets for the consideration stated herein. The rights and obligations of the parties to this contract shall be subject to and governed by the following documents: (a) this award/contract, (b) the solicitation, if any, and (c) such provisions, representations, certifications, and specifications, as are attached or incorporated by reference herein. (Attachments are listed herein.)

18.  AWARD (Contractor is not required to sign this document) Your offer on Solicitation Number [Redacted] including the additions or changes made by you which additions or changes are set forth in full above, is hereby accepted as to the items listed above and on any continuation sheets. This award consummates the contract which consists of the following documents: (a) the Government's solicitation and your offer, and (b) this award/contract. No further contractual document is necessary.

19A. NAME AND TITLE OF SIGNER (Type or print): TSE-VICE PRESIDENT / TREASURER

19B. DATE SIGNED: DEC 23 1988

20A. NAME OF CONTRACTING OFFICER: Francis J Moncada

20B. UNITED STATES OF AMERICA BY: Francis J Moncada (Signature of Contracting Officer)

20C. DATE SIGNED: DEC 23 1988

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PART I

SECTION B - SUPPLIES OR SERVICES AND PRICES/COSTS

The Contractor shall furnish all necessary facilities, materials, and personnel and shall perform all services necessary to carry out the scope of work identified in Section C.

B.1. Estimated Cost and Fixed Fee

The total estimated cost of this contract, is \$891,005; the fixed fee is \$71,280; and, the total estimated cost plus fixed fee is \$962,285.

B.2. Budget

(a) The following itemized budget sets forth the estimates for reimbursement of dollar costs for individual line items of cost. Without the prior written approval of the Contracting Officer, the Contractor may not exceed the total estimated cost set forth in the budget hereunder. Without the prior written approval of the AID Project Officer (which must be retained by the Contractor for audit purposes, and a copy of which must be furnished to the Contracting Officer by the Contractor), the Contractor may not exceed the estimated dollar cost for any individual line item of cost shown below by more than 15% of such line item.

(b) Itemized Budget

For the period 12/22/88 to 04/30/89.

Category	Budget Amount	
Salaries and Wages		
Home Office	51,606	
In-Country	<u>318,988</u>	
Total Salaries and Wages	370,594	
Fringe Benefits*	33,957	
Overhead*	62,883	
Travel and Per Diem	116,897	
Training Materials	173,800	
Other Direct Costs,	<u>63,072</u>	
Total Direct costs	821,203	
G & A	69,802	
TOTAL ESTIMATED COST		\$891,005
Fixed Fee		<u>71,280</u>
TOTAL ESTIMATED COST		\$962,285
PLUS FIXED FEE		

\*Related to direct Contractor salaries and wages

Contingency for indirect cost rate adjustment to maximum ceiling \$12,331

Contingency for the cost of materials and other non-AID-supplied equipment used to construct a training classroom in Eastern Honduras pursuant to the clause entitled "Payment of Costs of Materials Used in the Construction Classrooms" in Section 3 of the Statement of Work. \$20,000

Contingency for the expansion of proposed training beyond the original basic list based on discussions with TFHA/Washington and the Resistance Pursuant to clause entitled "Other Training to be Identified" in Section 3 of the Statement of Work. \$30,000.

(c) The Contractor agrees to furnish data which the Contracting Officer may request on costs expended or accrued under this contract in support of the budget information provided herein.

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B.3 Establishment of Indirect Cost Rates

Pursuant to the provisions of the clause of this contract entitled "Allowable Cost and Payment (APR 1984)," a rate or rates shall be established for each of the Contractor's accounting periods which apply to this contract. Pending establishment of revised provisional or final indirect cost rates for each of the Contractor's accounting periods which apply to this contract, provisional payment 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 are set forth below:

<u>For Accounting Period Ending:</u>	<u>Type</u>	<u>Base</u>	<u>Provisional Rate</u>
09/30/89	Fringe	Direct Labor	27%
09/30/89	Overhead	Direct Labor	50%
09/30/89	G & A	Total Costs	8.5%

B.4. Advance Understanding on Ceiling Indirect Cost Rates and Final Reimbursement for Indirect Costs

For each of the contractor's accounting periods during the term of this contract, the parties agree as follows:

- The distribution base for establishment of final indirect costs is as follows:
 

<u>Type</u>	<u>Base</u>
Fringe Benefits	Direct Labor
Overhead	Direct Labor
G & A	Total Direct Costs
- The contractor will make no change in its established method of classifying or allocating indirect costs without the prior written approval of the Contracting Officer.
- Reimbursement for indirect costs shall be at final negotiated rates, but not in excess of the following ceiling rates for the accounting period ending September 30, 1989:

<u>Type</u>	<u>Base</u>	<u>Rate</u>
Fringe	Direct Labor	30%
Overhead	Direct Labor	53%
G & A	Total Costs	9%

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4. The Government shall not be obligated to pay any additional amount on account of indirect costs above the ceiling rates established herein.

This advance understanding shall not change any monetary ceiling, cost limitation, or obligation established in the contract.

B.5. Personnel Compensation

- (a) In addition to the requirements set forth in AIDAR clause entitled "Personnel Compensation" (Section I), the following criteria is required:

Consultants

No compensation for consultants will be reimbursed unless their use under the contract has the advance written approval of the cognizant AID Project Officer; and if such provision has been made or approval given, compensation shall not exceed, without specific approval of the rate by the Contracting Officer, (1) the current compensation of the highest rate of annual compensation received by the consultant during any full year of the immediately preceding three years or (2) the maximum daily salary rate of FS-1, whichever is less.

(b) Definitions

As used herein, the terms "Salaries," "Wages," and "Compensation" mean the periodic remuneration received for professional or technical services rendered exclusive of overseas differential or other allowances associated with overseas service unless otherwise stated. The term "compensation" includes payments for personal services (including fees and honoraria). It excludes earnings from sources other than the individual's professional or technical work, overhead, or other charges.

B.6. Estimated Level of Effort

(a) The estimated level of effort for the performance of this contract, on which the budget is predicated, shall be 1819 days of direct labor.

(b) The estimated composition of the the total months of direct labor for the entire contract period is as follows:

POSITION	Days
<u>Personnel U.S.</u>	
Project Director	108
Project Backstopping	108
Administrative Support	108
<u>Personnel/In-Country</u>	
Chief of Party	144
Director of Training	144
Trainers	631
In-Country Admin. Support	288
Drivers	<u>288</u>
TOTAL DAYS OF DIRECT LABOR	1819

NOTE

The provision of some of this effort may be provided through subcontracts and/or consultants. However, pursuant to the contract clause entitled "Subcontracts Under Cost Reimbursement and Letter Contracts," such agreements may require the prior written approval of the Contracting Officer; and, pursuant to the contract clause entitled "Personnel Compensation," consultants may require the prior written approval of the A.I.D. Project Officer or the Contracting Officer, as specified herein.

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## SECTION C - WORK STATEMENT

### I. INTRODUCTION

Pursuant to the authority contained in Title IX of the Department of Defense Appropriations Act, 1989, funds have been provided to A.I.D. to administer a program which provides humanitarian assistance to the Nicaraguan Resistance. A.I.D. has been asked to provide:

- "(1) food, clothing, and shelter;
- (2) medical services, medical supplies, and non-military training for health and sanitation; and
- (3) non-military training of the recipients with respect to their treatment of civilians and other armed forces personnel, in accordance with internationally accepted standards of human rights . . . ."

Audits of the TFHA delivery system have indicated the need for improvements in the capability of the Resistance to receive, distribute, maintain and account for food, clothing, medicines, equipment and supplies provided under the Humanitarian Assistance Program. In response to this need, TFHA has initiated informal solicitations to identify a firm to implement a Training for Distribution Systems Program. This program will provide "hands-on", competency-based training for Resistance personnel in areas in which administrative and management weaknesses are apparent. The objective of the program is to assure the more efficient, verifiable delivery of A.I.D. assistance.

### II. OBJECTIVES

Goal: To enhance the viability of the Resistance as a participant in the Nicaraguan peace process.

Purpose: The Department of Defense Appropriations Act, 1989, provides funds to the United States Agency for International Development (A.I.D.) to administer a program which provides humanitarian assistance to the Nicaraguan Resistance. This program is to include food, clothing, shelter, medical services, medical supplies, and non-military training for health and sanitation.

Objectives: To provide for a more efficient, effective and verifiable delivery of A.I.D. Assistance by providing non-military training in fields relating to distribution systems management and administration. These will include accounting and bookkeeping, engine and other equipment maintenance and repair, basic clerical skills (e.g., information filing and retrieval), road maintenance and repair, etc. Pursuant to the above legislation, the program will also deliver training in health-related areas such as emergency first aid and basic sanitary engineering.

Beneficiaries: The Nicaraguan Resistance fighters and their families in Honduras. This includes both Ejercito Resistancia del Norte (ERN) and Yatama forces. At present, it is not possible to extend training to Resistance personnel in the South. If possible, training will be included for these forces in the future. Though there will be some overlap (some trainees will participate in more than one course) the program is expected to reach as many as 3000 members of the Resistance directly.

Special Nature of the Contract--Phased approach. There will be two phases to the Training for Distribution Systems (TDS) program. The first phase is intended to address highest priority requirements for delivery of U.S. assistance and to put a contractor on the ground to develop specific competency-based training activities in Honduras. Training to be provided in this first phase has been set forth in detail in Attachment A to this contract. Though the contractor will be free to adjust first phase schedules to comply with individual course requirements, all courses listed in Attachment A must be included in the contractor's Phase I program. The contractor will begin to develop the second phase program during initiation of the first phase training.

The contractor will develop the second phase as follows. First, the contractor will work with TFHA/H and the Yatama leadership to identify priority distribution system training needs of the Yatama (See recent trip report by TFHA staff to Mosquitia region). Based upon findings from the above collaboration, the contractor will propose a program to meet specific requirements for increased, more efficient delivery of assistance to the Yatama.

Second, the contractor will determine in collaboration with the Resistance and TFHA/H whether training provided at the hospital facility at Rancho Grande can contribute to more efficient delivery of assistance to the Resistance. If so, the contractor will propose a training response.

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Third, the contractor will review past audit reports, discuss program weaknesses with the Resistance and TFHA/H, and determine from the experiences of first phase course instructors specific shortcomings of trainees. From this review, the contractor will propose new courses for the second phase and on-course corrections for the first phase program (e.g., computer programs focussed more effectively on specific shortcomings in the food or clothing inventory and distribution systems; targetted attention to critical equipment maintenance systems; greater emphasis on literacy). The second phase will thus address needs not identified during the development of the first phase training package and focus the effort more effectively on the assistance delivery effort.

Finally, the contractor will build into the second phase program any administrative and delivery improvements deriving from Phase I, on-the-ground experience in Tegucigalpa and Eastern Honduras.

### III. DESCRIPTION OF SERVICES

#### A. Contract Management

The contract will provide for training in formal and informal classroom settings in at least two areas: Tegucigalpa and in Eastern Honduras. The contract management structure shall -- at a minimum -- consist of a project manager in the Contractor's headquarters office, a director of operations in Tegucigalpa, and a supervising trainer in the Eastern Honduras area. The contractor shall put in place sufficient support staff to implement the contract and assure accountability. Subject to the agreement of the U.S. Ambassador to Honduras, TFHA/Honduras, and the Resistance, additional trainers may be brought in as needed to provide training in conjunction with the Resistance Medical Corps. Field personnel shall maintain regular contact with the Training Project Manager in the Task Force in Honduras. At least weekly contact with the Task Force Training Officer in Washington D.C. is also required.

The contractor shall provide technical assistance, training, and equipment necessary to implement the training. This includes the following:

- leasing of a training facility and provision of competency-based training services in Tegucigalpa;

- timely delivery of identified competency-based training services in the resistance camps;
- provision of other skills training identified by A.I.D.; and
- identification of other short-term training that would target current weaknesses in the Resistance's ability to receive, administer and deliver AID assistance.

B. Work to be Performed

1. Competency-based Training in Tegucigalpa and Resistance Camps

The contractor will provide timely delivery of identified competency-based training services in Tegucigalpa and in a remote, rural area of Honduras, including, as a first priority, the training described in Attachment 2. In addition, the contractor will provide additional competency-based training services as may be subsequently identified by A.I.D.

2. Establish and Administer Training Facility in Tegucigalpa

In coordination with the Resistance and TFHA/Honduras, the contractor will lease a training facility in Tegucigalpa. The facility should provide at least one classroom which is able to accommodate up to 30 students.

3. Payment of Costs of Materials Used in Construction of Classrooms

In the event that there is no satisfactory training facility in Eastern Honduras, the Contractor may have to reimburse the Resistance for costs of roofing, flooring, teaching materials, and other non-AID-supplied equipment and materials used to construct a training classroom in Eastern Honduras.

4. Other Training to be Identified

TFHA reduced its original list of proposed training to a basic list of only priority items. The Contractor will work with TFHA/H and the RN to expand the list as needs become apparent by helping to identify those new areas in which training would improve the RN's delivery and maintenance systems. Based upon discussions with TFHA/Washington, the A.I.D. IG auditors, Price Waterhouse, and TFHA/Honduras, the contractor will identify areas in which other short-term training would improve the Resistance's ability to receive, administer and deliver A.I.D. assistance to its troops and their families, and arrange appropriate training to this end. This will later include training for the Yatama and, if possible, the ERN South.

If such short term training is approved, the Contractor may be directed by the Contracting Officer to initiate said training.

5. Pre and Post Testing and Follow-up

The contractor shall include pre- and post training tests in the program strategy. In coordination with TFHA/Honduras, the contractor shall institute follow-up efforts to ensure specific competencies are achieved and that those competencies are actually in evidence in the delivery of TFHA assistance.

6. Procurement of Training Materials and Equipment

After confirming need, the contractor will procure and deliver to appropriate training sites in a timely manner the following materials and equipment:

Purchase:

1. 16 mm Projectors (4 with spare parts) and Spanish language technical skills films\*.
2. Overhead Projectors (4 with spare parts)
3. Slide Projectors (2 with spare parts)
4. 12-volt battery-powered, single unit, self-contained Public Address Systems (3 with batteries and other spare parts)
5. Small, camp style gas electric generators (3 with spare parts--this item is available for procurement in Honduras). Assure compatability with generators currently in use by the RN.
6. Typewriters--15 portable-type word processing typewriters with program for Spanish keyboard. (Casio or equivalent)
7. Flip charts with stands for teaching (4 with adequate supply of flip pads)
8. Miscellaneous office/teaching supplies (typewriter paper, pens, notebooks, pencils, etc.)
9. Literacy program materials (examples available in TFHA/Washington)
10. Also see individual course descriptions for specific instructional material procurement requirements.

\*There are a number of Spanish language films covering areas of our training focus which are available from U.S. training institutions.

Rental:

11. Computers (Rental or purchase of 10 Tandy 1000's or equivalent with the following software: Formtools, PC Tools, DM, DBase III, DBase3 Plus, DM2, Nutshell, Desk Mate and PFS)
12. The contractor will rent from the local Radio Shack computer supplier in Honduras up to 10 computers (Tandy 1000's\*) for the computer training courses. If it appears that purchase of the computers would prove more cost effective, TFHA/Washington will entertain a proposal for procurement in lieu of rental.
13. The contractor may want to rent three or four vehicles in Honduras.

Notes about Procurement:

14. TFHA/Washington is aware that some of the small engine manufacturers receive nonfunctioning machines under warranty programs. Since these machines cost too much to repair, the manufacturers donate them to small engine repair schools for instructional purposes. Contractor may wish to consider this as a source of teaching materials.
15. AID is prohibited from procuring radio communications equipment under Phase II of the Humanitarian Assistance Program. Contractor will not be able to procure spare parts for the radio maintenance and repair courses. (Substantial spare parts supplies are already available.)

SECTION D - PACKAGING AND MARKING

D.1. Marking Instructions for Reports

The contractor shall mark each shipment with its organization name, contract number, item number, and quantity (indicate partial or final shipment).

D.2 Marking (APR 1984) AIDAR 752.7009

(a) It is A.I.D. policy that A.I.D.-financed commodities and shipping containers and project construction sites and other project locations be suitably marked with the A.I.D. red, white, and blue handclasp emblem. Shipping containers are also to be marked with the last five digits of the A.I.D. financing document number. As a general rule, marking is not required for raw materials shipped in bulk (such as coal, grain, etc.), or for semifinished products which are not packaged.

(b) Specific guidance on marking requirements should be obtained prior to procurement of commodities to be shipped, and as early as possible for project construction sites and other project locations. This guidance will be provided by TFHA/H.

(c) Authority to waive marking requirements is vested with the Regional Assistant Administrators, and with Mission Directors.

(d) A copy of any specific marking instructions or waivers from marking requirements is to be sent to the Contracting Officer; the original should be retained by the Contractor.

SECTION E - INSPECTION AND ACCEPTANCE

E.1 Inspection and Acceptance

Pursuant to the following clause, final inspection and acceptance of all items called for by the contract shall be made by the Project Officer for the Task Force on Humanitarian Assistance in Honduras.

52.246-3 Inspection of Supplies--Cost-Reimbursement (APR 1984)

(a) Definitions.

"Contractor's managerial personnel," as used in this clause, means any of the Contractor's directors, officers, managers, superintendents, or equivalent representatives who have supervision or direction of--

(1) All or substantially all of the Contractor's business;

(2) All or substantially all of the Contractor's operation at a plant or separate location at which the contract is being performed; or

(3) A separate and complete major industrial operation connected with performing this contract. "Supplies," as used in this clause, includes but is not limited to raw materials, components, intermediate assemblies, end products, lots of supplies, and, when the contract does not include the Warranty of Data clause, data.

(b) The Contractor shall provide and maintain an inspection system acceptable to the Government covering the supplies, fabricating methods, and special tooling under this contract. Complete records of all inspection work performed by the Contractor shall be maintained and made available to the Government during contract performance and for as long

afterwards as the contract requires.

(c) The Government has the right to inspect and test the contract supplies, to the extent practicable at all places and times, including the period of manufacture, and in any event before acceptance. The Government may also inspect the plant or plants of the Contractor or any subcontractor engaged in the contract performance. The Government shall perform inspections and tests in a manner that will not unduly delay the work.

(d) If the Government performs inspection or test on the premises of the Contractor or a subcontractor, the Contractor shall furnish and shall require subcontractors to furnish all reasonable facilities and assistance for the safe and convenient performance of these duties.

(e) Unless otherwise specified in the contract, the Government shall accept supplies as promptly as practicable after delivery, and supplies shall be deemed accepted 60 days after delivery, unless accepted earlier.

(f) At any time during contract performance, but no later than 6 months (or such other time as may be specified in the contract) after acceptance of the supplies to be delivered under the contract, the Government may require the Contractor to replace or correct any supplies that are nonconforming at time of delivery. Supplies are nonconforming when they are defective in material or workmanship or are otherwise not in conformity with contract requirements. Except as otherwise provided in paragraph (h) below, the cost of replacement or correction shall be included in allowable cost, determined as provided in the Allowable Cost and Payment clause, but no additional fee shall be paid. The Contractor shall not tender for acceptance supplies required to be replaced or corrected without disclosing the former requirement for replacement or correction, and, when required, shall disclose the corrective action taken.

(g) (1) If the Contractor fails to proceed with reasonable promptness to perform required replacement or correction, the Government may--

(i) By contract or otherwise, perform the replacement or correction and charge to the Contractor any increased cost or

make an equitable reduction in any fixed fee paid or payable under the contract;

(ii) Require delivery of undelivered supplies at an equitable reduction in any fixed fee paid or payable under the contract; or

(iii) Terminate the contract for default.

(g)(2) Failure to agree on the amount of increased cost to be charged to the Contractor or to the reduction in the fixed fee shall be a dispute.

(h) Notwithstanding paragraphs (f) and (g) above, the Government may at any time require the Contractor to correct or replace, without cost to the Government, nonconforming supplies, if the nonconformances are due to (1) fraud, lack of good faith, or willful misconduct on the part of the Contractor's managerial personnel or (2) the conduct of one or more of the Contractor's employees selected or retained by the Contractor after any of the Contractor's managerial personnel has reasonable grounds to believe that the employee is habitually careless or unqualified.

(i) This clause applies in the same manner to corrected or replacement supplies as to supplies originally delivered.

(j) The Contractor shall have no obligation or liability under this contract to replace supplies that were nonconforming at the time of delivery, except as provided in this clause or as may be otherwise provided in the contract.

(k) Except as otherwise specified in the contract, the Contractor's obligation to correct or replace Government-furnished property shall be governed by the clause pertaining to Government property.

SECTION F - DELIVERIES OR PERFORMANCE

F.1. Period of Performance

The period of performance for this contract is December 23, 1988 to April 30, 1989.

F.2. Reports/Deliverables

Contractor shall provide a monthly report to TFHA (Honduras and Washington) due not later than the fifth calendar day following the end of each month. This report shall at a minimum include the following:

- a. A narrative description of the achievements during the month, and cumulative achievements.
- b. Major problems encountered and proposed solutions to those problems.
- c. Work objectives for the following month.
- d. Financial Status report showing accrued expenditures for the month and cumulative accrued expenditures against the major budget line items (in the same format as the attached budget). Significant adjustments to the budget should also be discussed.

The Monthly report shall be submitted simultaneously to the Task Force in Washington D.C. and in Honduras.

The addresses for the Task Force are:

Washington (TFHA/W)  
Agency for International Development  
Task Force on Humanitarian Assistance  
Department of State, Room 3311  
Washington, DC 20523

Honduras (TFHA/H)  
Task Force on Humanitarian Assistance  
U.S. Embassy Tegucigalpa  
APO Miami, FL 34022

F.3. Stop-Work Order (APR 1984)--Alternate I (APR 1984)  
FAR 52.212-13

(a) The Contracting Officer may, at any time, by written order to the Contractor, require the Contractor to stop all, or any part, of the work called for by this contract for a period of 90 days after the order is delivered to the Contractor, and for any further period to which the parties may agree. The order shall be specifically identified as a stop-work order issued under this clause. Upon receipt of the order, the Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage. Within a period of 90 days after a stop-work order is delivered to the Contractor, or within any extension of that period to which the parties shall have agreed, the Contracting Officer shall either--

(1) Cancel the stop-work order; or

(2) Terminate the work covered by the order as provided in the Default, or the Default, or the Termination for Convenience of the Government clause of this contract.

(b) If a stop-work order issued under this clause is canceled or the period of the order or any extension thereof expires, the Contractor shall resume work. The Contracting Officer shall make an equitable adjustment in the delivery schedule, the estimated cost, the fee, or a combination thereof, and in any other terms of the contract that may be affected and the contract shall be modified, in writing, accordingly, if--

(1) The stop-work order results in an increase in the time required for, or in the Contractor's cost properly allocable to, the performance of any part of this contract; and

(2) The Contractor asserts a claim for the adjustment within 30 days after the end of the period of work stoppage; provided, that, if the Contracting Officer decides the facts justify the action, the Contracting Officer may receive and act upon the claim asserted at any time before final payment under this contract.

(c) If a stop-work order is not canceled and the work covered by the order is terminated for the convenience of the

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Government, the Contracting Officer shall allow reasonable costs resulting from the stop-work order in arriving at the termination settlement.

(d) If a stop-work order is not canceled and the work covered by the order is terminated for default, the Contracting Officer shall allow, by equitable adjustment or otherwise, reasonable costs resulting from the stop-work order.

SECTION G - CONTRACT ADMINISTRATION DATA

G.1 Method of Payment

Payment to the Contractor shall be made after submission of an invoice in accordance with the provisions of the contract clause entitled "Documentation for Payment, AIDAR 752.7003." The Contractor may invoice on a monthly basis.

G.2. Project Officer

The A.I.D. Project Officer in Honduras for this contract is Don Enos, Deputy Director, TFHA/H.

G.3. Appropriation and Obligation Information

PIO/T: 594-000-3-90010  
Amount Obligated: \$1,024,616  
Appropriation No.: 72-1191038  
Budget Plan Code: VRRRA-89-29594-HG84  
Project Number: 594-003-3-90010  
Total Estimated Cost: \$1,024,616

G.4. Correspondence Procedures (APR 1984)

To promote timely and effective administration, correspondence (except for invoices and reports) submitted under this contract shall be subject to the following procedures:

- (a) Technical Correspondence. Technical correspondence, as used herein, excludes technical correspondence where patent or technical data issues are involved and correspondence which proposes or otherwise involves waivers, deviations, or modifications to the requirements, terms, or conditions, of this contract). Technical correspondence shall be addressed to the Contracting Officer's Technical Representative (COTR), with an information copy of the correspondence to the Contract Specialist (see below).

- (b) All correspondence, other than technical correspondence shall be addressed to the Contracting Officer.
- (c) Subject Lines(s). All correspondence shall contain a subject line commencing with the contract number, as illustrated below:

"SUBJECT: Contract No. (Insert the contract number from cover page) (Insert subject topic after contract number, e.g. 'Request for subcontract placement consent')."

G.5. Government Contact for Post Award Administration (APR 1984)

The Contractor shall use one of the following Government contacts as applicable, as the focal point for all matters regarding this contract except technical matters (see clauses G.3 (a), for definition):

- (a) Contracting Officer: The Contracting Officer for this action is James E. Corley.
- (b) Contracting Officer's Address: The Contracting Officer's, address is as follows:  
  
Agency for International Development  
M/SER/OP/W/CO  
Washington, DC 20523-1428  
  
Attn: Contract No. PDC-0000-C-00-xxxxxxx
- (c) TFHA/W Representative: The TFHA/W representative for this contract is Terry Barker.
- (d) Contracting Officer's Technical Representative (COTR)

The COTR'S address is set forth in block 6 of Standard Form 26.

SECTION H - SPECIAL CONTRACT REQUIREMENTS

H.1. Consignment of Goods Shipped

The Contractor shall consign equipment and commodities purchased under this program to the U.S. Embassy in Tegucigalpa. When such a shipment is made, Contractor must provide prior notice to the Task Force Project Officer at the U. S. Embassy, to assure proper liaison and approval from the Government of Honduras, and to foster expeditious retrieval from Honduran Customs.

H.2. Procurement: General

Prior to procurement of equipment, a list of items to be procured must be submitted, reviewed, and approved by Project Office TFHA/H in Honduras.

H.3. Procurement: Specialized Equipment

Under the review delineated in clause entitled "Procurement: General", TFHA/H may determine some items as "specialized". For such items, the Contractor will certify to TFHA/H in writing, that:

- (a). That Resistance personnel have (or will have) sufficient training to properly use the equipment.
- (b). That adequate measures have been taken to assure maintenance of the equipment -- including training of Resistance staff to do so.
- (c). That the Contractor has conducted a thorough review as to the appropriateness of the equipment being procured and the availability of spare parts and service in country of the brand being purchased, and has determined that the choice of equipment being purchased is appropriate.

H.4. Procurement: Defense Base Act (DBA) Insurance

Pursuant to the contract clause entitled "Insurance- Worker's Compensation, Private Automobiles, Marine and Air Cargo" (AIDAR 752.228-70), the Contractor is required to have DBA coverage for certain categories of employees involved in performing work overseas. This insurance is required to be placed with CIGNA through its agent:

Wright & Company  
1400 I Street, NW  
Suite 1100  
Washington, DC 20005  
(202)289-0200  
(800)424-9801  
Telex: 440508

H.5. Language Requirements

Fluency in Spanish is required for all Contractor personnel (the FSI level is R3-S3). The Contracting Officer may grant exceptions for the language requirements under this contract.

H.6. Title to Property

Title to property which is first acquired under this contract and shipped into country for use under this contract remains with the Contractor until the property is accepted by the U.S. Government. The title to the property consigned to the U.S. Embassy in Honduras shall pass to the U.S. Government when the property clears Honduran customs. Once clear of Honduran customs, the property is subject to the contract clause entitled "Government Property (Cost Reimbursement)".

H.7. Implementation Plan

Within 20 days of the signature of this Contract, the Contractor shall provide to TFHA (TFHA in Honduras; copy to TFHA in Washington) a detailed, time-phased implementation plan indicating the timing for deployment of personnel, delivery of equipment, rental of office space and establishment of training centers, and for shipment of equipment. This plan will be updated, as necessary, in the monthly reports.

The Contractor will provide TFHA with detailed course schedules and work plans for trainers within twenty days of contract execution.

H.8. Training Coordination

To avoid duplication of effort and to assure that efficiency in training is maximized, the contractor will coordinate any health/medical training with the International Medical Corps and the Task Force in Honduras and any computer training with the Price Waterhouse audit team (which is also providing computer training).

H.9. Technical Direction

- (a) Performance of the work under this contract shall be subject to the technical direction of Contracting Officer's Technical Representative (COTR) identified elsewhere in this contract. The term "technical direction" is defined to include:
- (1) Directions to the Contractor which shift work emphasis between work areas or tasks, fill in details or otherwise serve to accomplish the contractual Statement of Work.
  - (2) Provision of written information to the Contractor which assists in the interpretation of drawings, specifications or technical portions of the work description.
  - (3) Review and, where required by the contract, approval of technical reports, drawings, specifications and technical information to be delivered by the Contractor to the Government under the contract.

- (b) Technical direction must be within the scope of work stated in the contract. The COTR does not have the authority to, and may not, issue any technical direction which:
- (1) Constitutes an assignment of additional work outside the Statement of Work;
  - (2) Constitutes a change as defined in the contract clause entitled "Changes";
  - (3) In any manner causes an increase or decrease in the total estimated contract cost, fixed fee (if any), or the time required for contract performance;
  - (4) Changes any of the expressed terms, conditions or specifications of the contract; or
  - (5) Interferes with the Contractor's right to perform the terms and conditions of the contract.
- (c) All technical directions shall be issued in writing by the COTR.
- (d) The Contractor shall proceed promptly with the performance of technical directions duly issued by the COTR in the manner prescribed by this clause and within his authority under the provisions of this clause. If, in the opinion of the Contractor, any instruction or direction by the COTR falls within one of the categories defined in (b)(1) through (5) above, the Contractor shall not proceed but shall notify the Contracting Officer in writing within five (5) working days after receipt of any such Contracting Officer to modify the contract accordingly. Upon receiving the notification from the Contractor, the Contracting Officer shall:

- (1) Advise the Contractor in writing within thirty (30) days after receipt of the Contractor's letter that the technical direction is within the scope of the contract effort and does not constitute a change under the "Changes" clause of the contract;
- (2) Advise the Contractor within a reasonable time that the Government will issue a written change order.
- (e) A failure of the Contractor and Contracting Officer to agree that the technical direction is within the scope of the contract, or a failure to agree upon the contract action to be taken with respect thereto shall be subject to the provisions of the Clause entitled "Disputes - Alternate I."

H.10. Modification Authority (APR 1984)

Notwithstanding any of the other clauses of this contract, the Contracting Officer shall be the only individual authorized to:

- (a) accept nonconforming work,
- (b) waive any requirement of this contract, or
- (c) modify any term or condition of this contract.

H.11. Audit

A concurrent financial and compliance audit of the (1) uses of the funds under this contract, (2) internal controls over the funds, and (3) compliance with agreement terms, laws, and regulations shall be made by the Office of the Inspector General, or its designee. The audit shall be conducted in accordance with the U.S. General Accounting Office Standards for Audit of Governmental Organizations, Programs, Activities and Functions (1988 Revision). This audit may be subject to review by the U.S. General Accounting Office.

H.12. Use of Task Force Helicopter Services

The helicopter services contracted by the Task force may be used for delivery of medical services, personnel and equipment, and for movement of patients to receive medical services. The helicopters are also used for many other activities of the Humanitarian Assistance Program. TFHA maintains control of the use of these helicopters. Therefore Contractor must provide TFHA/H with sufficient advance notice (at least 48 hours) and the planned itinerary to assure availability of a helicopter at the time needed. Planning with TFHA/H will be required if the Contractor anticipates heavy use of this service.

H.13 Combat Situation

It is understood that this is a Humanitarian Assistance program, and that TFHA will not require of the Contractor to perform in areas where there is known active combat. All U.S. citizens hired under this contract and sent to Honduras will be afforded the same services and protection that the U. S. Embassy affords all U. S. citizens there.

H.14. Source/Origin of Goods and Services

Source and origin code for all goods and services shall be 935 except as specifically approved in writing by the Contracting Officer.

H.15. Per Diem

Payment of per diem will be based on the same schedule used by A.I.D.

H.16. Accommodations in Other Areas (Eastern Honduras, Mosquitia)

The Eastern Honduras training area is in a remote area, about six hours from Tegucigalpa by car, one hour by helicopter. There is radio, but no telephone communication with Tegucigalpa. Helicopter transport will be available only on rare occasions. Instructors presenting courses at the Resistance training facility should bring mosquito nets, insect spray, bed rolls, and cots. There are no facilities for laundering clothes, but there are people in the vicinity who might be willing to provide this service. Tent or similar sleeping accommodations will be provided by the RN. Outside shower and toilet facilities are available.

H.17. SECURITY CLEARANCES

U.S. security clearance will not be required. It is anticipated that contractors will be screened by the Resistance from information which the Resistance considers to be sensitive. Most training programs will be presented both in Tegucigalpa and in the Resistance camps.

H.18. Representations, Certifications and Other Statements of the Offeror

The Representations, Certifications and Other Statements of the Offeror, dated December 12, 1988 for this contract are hereby incorporated by reference.

H.19. Subcontracts

(a) Prior to the placement of subcontracts and in accordance with the clause, "Subcontracts Under Cost-Plus and Letter Contracts," the Contractor shall ensure that:

1) they contain all of the clauses of this contract (altered when necessary for proper identification of the contracting parties) which contain a requirement for such inclusion in applicable subcontracts. Particular attention should be directed to the potential flowdown applicability of the clauses entitled "Utilization of Small Business Concerns and Small Disadvantaged Business Concerns" and "Small Business and Small Disadvantaged Business Subcontracting Plan" contained in Section I;

- (2) any applicable subcontractor Certificate of Current Cost or Pricing Data (see FAR 15.804-2) and subcontractor Representations and Certifications (see the document referenced in Clause H.013 hereof); and
  - (3) any required prior notice and description of the subcontract is given to the Contracting Officer and any required consent is received. Except as may be expressly set forth therein, any consent by the Contracting Officer to the placement of subcontracts shall not be construed to constitute approval of the subcontractor or any subcontract terms or conditions, determination of the allowability of any cost, revision of this contract or any of the respective obligations of the parties thereunder, or creation of any subcontractor privity of contract with the Government.
- (b) The Contractor shall also obtain and furnish to the Contracting Officer either an OCI Disclosure Statement or Representation form in accordance with AIDAR 737.270(e) "Organizational Conflicts of Interest Representation" for all subcontractors to be utilized under this contract. No work shall be performed by the subcontractor until the Contracting Officer has cleared the subcontractor for Organizational Conflicts of Interest (OCI).
- (c) The following subcontractors have been cleared by the Contracting Officer for Organizational Conflicts of Interest (OCI).:

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PART II

SECTION I - CONTRACT CLAUSES

FAR 52.252-2 Clauses Incorporated by Reference (APR 1984)

This contract incorporates the following clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available.

<u>FAR/AIDAR Reference</u>	<u>Title</u>	<u>Date</u>
52.202-1	Definitions	(APR 1984)
752.202-1	Definitions Alternate 70	(APR 1984)
752.202-1	Definitions Alternate 72	(DEC 1986)
52.203-1	Officials Not to Benefit	(APR 1984).
752.203-1	Officials Not to Benefit	(APR 1984).
52.203-3	Gratuities	(APR 1984).
52.203-5	Covenant Against Contingent Fees	(APR 1984).
52.203-6	Restrictions on Subcontractor Sales to the Government	(JUL 1985)
52.203-7	Anti-Kickback Procedures	(FEB 1987).
52.204-1	Approval of Contract	(APR 1984).
52.204-2	Security Requirements	(APR 1984).
752.204-2	Security Requirements.	(APR 1984).
52.215-1	Examination of Records by Comptroller General	(APR 1984)
52.215-2	Audit--Negotiation	(APR 1988).
52.215-22	Price Reduction for Defective Cost or Pricing Data	(APR 1984)
52.215-23	Price Reduction for Defective Cost or Pricing Data --Modifications	(APR 1985)
52.215-24	Subcontractor Cost or Pricing Data	(APR 1985).
52.215-25	Subcontractor Cost or Pricing Data-Modifications	(APR 1985)
52.215-31	Waiver of Facilities Capital Cost of Money	(SEP 1987)
52.215-33	Order of Precedence	(JAN 1986)
52.216-7	Allowable Cost and Payment	(APR 1984)
52.216-8	Fixed Fee	(APR 1984)
52.219-8	Utilization of Small Business Concerns and Small Disadvantaged Business Concerns	(JUN 1985)

<u>FAR/AIDAR Reference</u>	<u>Title</u>	<u>Date</u>
752.219-8	Utilization of Small Business Concerns and Small Disadvantaged Business Concerns	
52.219-9	Small Business and Small Disadvantaged Business Subcontracting Plan	(APR 1984)
52.219-13	Utilization of Women-Owned Small Businesses	(AUG 1986)
52.220-1	Preference for Labor Surplus Area Concerns	(AUG 1986)
52.220-3	Utilization of Labor Surplus Area Concerns	(APR 1984)
52.220-4	Labor Surplus Area Subcontracting Program	(APR 1984)
52.222-1	Notice to the Government of Labor Disputes	(APR 1984)
52.222-2	Payment for Overtime Premiums	(APR 1984).
52.222-3	Convict Labor	(APR 1984).
52.222-26	Equal Opportunity	(APR 1984).
52.222-28	Equal Opportunity Preaward Clearance of Subcontracts	(APR 1984)
52.222-29	Notification of Visa Denial	(APR 1984).
52.222-35	Affirmative Action for Special Disabled and Vietnam Era Veterans	(APR 1984)
52.222-36	Affirmative Action for Handicapped Workers	(APR 1984)
52.223-2	Clean Air and Water	(APR 1984).
52.225-7	Balance of Payments Program	(APR 1984).
752.225-9	Buy American Act -- Trade Agreements Act --Balance of Payments Program	
752.7004	Source and Nationality Requirements	(MAY 1986).
52.225-11	Certain Communist Areas	(APR 1984).
752:228-70	Insurance -- Worker's Compensation, Private Automobiles, Marine and Air Cargo	
52.228-7	Insurance--Liability to Third Persons	(APR 1984).
52.229-8	Taxes--Foreign Cost-plus Contracts	(APR 1984)
52.230-3	Cost Accounting Standards	(SEP 1987).
52.230-4	Administration of Cost Accounting Standards	(SEP 1987)

<u>FAR/AIDAR Reference</u>	<u>Title</u>	<u>Date</u>
52.230-5	Disclosure and Consistency of Cost Accounting Practices	(SEP 1987)
752.7003	Documentation for Payment	(APR 1984)
752.7010	Conversion of U.S. Dollars to Local Currency	(APR 1984)
52.232-17	Interest	(APR 1984)
52.232-20	Limitation of Cost	(APR 1984)
52.232-24	Prohibition of Assignment of Claims	(JAN 1986)
52.233-1	Disputes	(APR 1984)
52.233-1	Disputes (APR 1984)--Alternate I	(APR 1984)
52.233-3	Protest after award--Alternate I	(JUN 1985)
752.7008	Use of Government Facilities or Personnel	(APR 1984)
52.243-2	Changes-Cost Reimbursement	(AUG 1987)
52.244-2	Subcontracts (Cost-plus and Letter Contracts	(JUL 1985)
52.244-5	Competition in Subcontracting	(APR 1984)
✓52.245-1	Property Records	(APR 1984)
✓52.245-5	Government Property (Cost-plus, Time-and-Material, or Labor-Hour Contracts)	(JAN 1986)
/752.245-70	Government Property -- AID Reporting Requirements	
/752.245-71	Title to and Care of Property	(APR 1984)
52.246-25	Limitation of Liability--Services	(APR 1984)
752.7002-70	Travel and Transportation	(AUG 1986)
52.247-1	Commercial Bill of Lading Notations	(APR 1984)
52.247-63	Preference for U.S.-Flag Air Carriers	(APR 1984)
52.247-64	Preference for Privately Owned U.S.-Flag Commercial Vessels	(APR 1984)

<u>FAR/AIDAR Reference</u>	<u>Title</u>	<u>Date</u>
52.249-6	Termination (Cost-plus) (MAY 1986).	
52.249-14	Excusable Delays	(APR 1984)
52.251-1	Government Supply Sources	(APR 1984)
752.7001	Biographical data	(APR 1984)
752.7005	Language, Weights, and Measures	(APR 1984)
752.7006	Notices	(APR 1984)
752.7007	Personnel Compensation	(AUG 1984)
752.7013-70	Contractor-Mission Relationships	(APR 1984)
752.7014	Notice of Changes in Travel Regulations	(APR 1984)
752.7015	Use of Pouch Facilities	(APR 1984)
752.7027-71	Personnel	(APR 1984)
752.7028	Differential and Allowances	(MAR 1986)
752.7029	Post Privileges	(APR 1984)
752.7026-70	Reports	
752.7031-72	Leave and Holidays	(APR 1984)

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PROJECTED WORKLOADS FOR DELIVERY SYSTEMS AND MAINTENANCE MANAGEMENT PROGRAM

95/21

	Actual	Actual	Course	Hours	Courses	Teguc		Yaaales		TOTAL	ESTIMATED
	Orientaln/ Trng Days Teguc	Orientaln/ Trng Days Yaaales				Class Days	Classroom Hours/Day	Inforeal Hours/Day	Classroom Hours/Day		
Accounting/Bookkeeping											
Orientation	2	1									
Principles of Accounting			4	2	1	8				8	10
Double Entry Bookkeeping	15		15	2	1	30				30	10
Inventory Control/CARDEX			3	2	1	6				6	15
Procurement and Supply			2	2	1	4				4	15
Mercantile Mathematics	8		8	2	1	16				16	15
Inventory Control/CARDEX			3	2	1			6		6	26
Procurement and Supply			2	2	1			4		4	26
Mercantile Mathematics		8	8	2	1			16		16	26
Follow-up	3	2									
Sub-Totals	25	9	45	16	8	64	0	26	0	90	143
Orientation	5	2									
Adult Literacy		30	5	8	6			240		240	15 (Training of Trainees)
Follow-up		2									
Sub-Totals	5	34	5	8	6	0	0	240	0	240	15

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	Actual	Actual	Course	Hours	Courses	Teguc		Yaaales		TOTAL	ESTIMATED
	Orientation/ Inq Days Teguc	Orientation/ Inq Days Yaaales				Class Days	Classroom Hours/Day	Inforeal Hours/Day	Classroom Hours/Day		
AIDS--Yaaales			1	2	10				20	20	20 (Training of Trainers)
Alcohol and Other Drug Awareness--Yaaales			1	2	10				20	20	20 (Training of Trainers)
General First Aid--Yaaales		10	10	2	1			20		20	20 (Training of Trainers)
Sub-Totals	11	10	14	10	33	0	24	20	40	84	118
Orientation	1	1									
Clerical/Filing--Teguc			3	2	5	30				30	23
Typing--Teguc	20		20	2	2	80				80	10
Clerical/Filing--Yaaales			3	2	4			24		24	40
Typing--Yaaales		20	20	2	2			80		80	10
Sub-Totals	21	21	46	8	13	110	0	104	0	214	83
Orientation	2	2									
Computer Programs--Beginning			10	2	3	60				60	15
Computer Programs--Intermediate	20		10	2	2	40				40	10
Computer Programs--Beginning			10	2	3			60		60	20
Computer Programs--Intermediate		20	10	2	2			40		40	10
Sub-Totals	22	22	40	8	10	100	0	100	0	200	55

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	Actual	Actual	Course	Hours	Courses	Teque		Yaaales		TOTAL	ESTIMATED
	Orientaln/ Trng Days Teque	Orientaln/ Trng Days Yaaales				Class Days	Classroom Hours/Day	Inforeal Hours/Day	Classroom Hours/Day		
Orientation	3										
Radio Repair and Maintenance--Refresher			10	8	2					160	4
Radio Repair and Maintenance--Advanced Course	30		10	8	1					80	10
Radio Maintenance/Repair--Supervisors			1	8	1					8	40
Intermediate Skills for Radio Technicians--Field		6	5	8	1					40	30
Sub-Totals	33	6	26	32	5	0	240	0	48	288	84
Orientation		2									
Heavy Equipment and Vehicle Maintenance--Operators			10	4	1					40	25
Heavy Equipment and Vehicle Maintenance--Mechanics		20	10	4	1					40	15
Hands-on Follow-up		20									
Sub-Totals	0	42	20	8	2	0	0	0	80	80	40

	Actual	Actual	Course	Hours	Courses	Teguc		Yaaales		TOTAL	ESTIMATED
	Orientation/ Teag Days Teguc	Orientation/ Teag Days Yaaales				Class Days	Classroom Hours/Day	Inforaal Hours/Day	Classroom Hours/Day		
Organization and Management--Teguc	82		6	2	6	72				72	12
Organization and Management--Yaaales		28	6	2	6			72		72	25
Sub-Totals	82	28	12	4	12	72	0	72	0	144	37
Orientation		2									
Road and Drainage Maintenance		30	15	3	4				180	180	40
Sub-Totals	0	32	15	3	4	0	0	0	180	180	40
Orientation		4									
Environmental Sanitation--Trainers		15	15	3	1			45		45	30 (Training of Trainer)
Environmental Sanitation--Specialists		15	15	3	1				45	45	25 (Training of Trainer)
Follow-up		4									
Sub-Totals	0	38	30	6	2	0	0	45	45	90	55
Orientation		2									
Small Motor Repair		15	15	3	1				45	45	20
Follow-up		2									
Sub-Totals	0	19	15	3	1	0	0	0	45	45	20
TOTALS	199	271	278	108	97	346	264	607	458	1679	710

ACTUAL ORIENTATION AND TRAINING DAYS IN COUNTRY

199 271  
 278.6 379.4  
 6 6  
 33.17 45.17

6574

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**AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT**

1. CONTRACT ID CODE \_\_\_\_\_ PAGE OF PAGES  
1 | 2

2. AMENDMENT/MODIFICATION NO. 1 3. EFFECTIVE DATE 2/28/89 4. REQUISITION/PURCHASE REQ. NO. 598-003-0-90010 5. PROJECT NO. (If applicable) 594-0000-02

6. ISSUED BY \_\_\_\_\_ CODE \_\_\_\_\_ 7. ADMINISTERED BY (If other than Item 6) \_\_\_\_\_ CODE \_\_\_\_\_  
Agency for International Development  
Office of Procurement  
Special Projects Office  
Washington, D.C. 20523

8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code)  
Creative Associates International, Inc.  
3201 New Mexico Avenue, N.W.  
Suite 270  
Washington, D.C. 20016  
DUNS No.: 09-134-5579

9A. AMENDMENT OF SOLICITATION NO. \_\_\_\_\_  
9B. DATED (SEE ITEM 11) \_\_\_\_\_  
10A. MODIFICATION OF CONTRACT/ORDER NO. X PDC-9001-C-00-9016-00  
10B. DATED (SEE ITEM 13) December 23, 1989

CODE \_\_\_\_\_ FACILITY CODE \_\_\_\_\_

**11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS**

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers  is extended,  is not extended.  
Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:  
(a) By completing Items 8 and 15, and returning \_\_\_\_\_ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

See Page 2

**13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.**

A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.  
B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).  
C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: X Section 9013(d) of the Defense Appropriation Act of 1989  
D. OTHER (Specify type of modification and authority) \_\_\_\_\_

E. IMPORTANT: Contractor  is not,  is required to sign this document and return original and 6 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCP section headings, including solicitation/contract subject matter where feasible.)  
The referenced contract, PDC-9001-C-00-9016-00 is hereby modified to add additional training in accordance with Section C-- Work Statement, Paragraph III, B, 4.  
The training shall be in accordance with the needs assessments for: the Yatama and Costa Rica requirements, and additional Supplemental Training described in Section C, Paragraph II Objectives, as Phase II.  
All training shall be in accordance with the provisions of the contract, the attached Needs Assessment. All training shall be conducted at the sites proposed in the Needs Assessment.

- continued on Page 2 -

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15. NAME AND TITLE OF SIGNER (Type or print) Mark Kravant - President 16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Francis J. Moncada  
15B. CONTRACTOR/OFFEROR M. Chan T. Phuong 15C. DATE SIGNED 3-30-1989 16B. UNITED STATES OF AMERICA BY ORIG. SIGNED 16C. DATE SIGNED \_\_\_\_\_  
(Signature of person authorized to sign) (Signature of Contracting Officer)

All Health Training conducted in Costa Rica shall be referred to as Health/First-Aid/Santitation training.

SECTION B - SUPPLIES AND PRICES/COSTS, Paragraph B.2. Budget is hereby modified as follows:

Delete - the Contractor may not exceed the estimated dollar cost for any individual line item of cost shown below by more than 15% of such line item.

Substitute the following therefore:

the Contractor may not exceed the Total Estimated Cost set forth in the budget or the obligated amount, whichever is less. Within the Total Estimated Cost, the Contractor may adjust line item amounts, as reasonably necessary, for effective performance of this contract

SECTION F - DELIVERIES OR PERFORMANCE

F.1 Period of Performance is modified as follow: Delete April 30, 1989 and substitute May 31, 1989 therefore.

SECTION G - APPROPRIATION AND OBLIGATION INFORMATION, PARAGRAPH G.3., add the following:

PIO/T:	594-003-3-90010
APPROPRIATION No.:	72-1191038
BUDGET PLAN CODE:	VRRAB9-29594-HG84
PROJECT No.:	594-0000.02
AMOUNT OBLIGATED:	\$475,384

Total Amount Obligated by this Modification:	\$ 475,384.00
Amount Previously Obligated under this Contract:	1,024,616.00
Total Amount Obligated including this Modification 1:	<u>\$1,500,000.00</u>

AMENDMENT OF SOLICITATION / MODIFICATION OF CONTRACT

CONTRACT ID CODE

PAGE OF PAGE 1 2

2. AMENDMENT/MODIFICATION NO. 10 (Ten)	3. EFFECTIVE DATE 02-28-90	4. REQUISITION/PURCHASE REQ. NO. 594-000-3-90019 A8	5. PROJECT NO. (If applicable) 594-0005
6. ISSUED BY Agency for International Development Office of Procurement Washington Projects Division, MS/OP/W Washington, D.C. 20520-1420	CODE ERB	7. ADMINISTERED BY (If other than Item 6) Agency for International Development PAO/TFHA Room 3311, N.S. Washington, D.C. 20523	

8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, state and ZIP Code) Creative Associates International, Inc. 5301 Wisconsin Avenue, N.W. Suite 700 Washington, D.C. 20015  DUNS: 09-134-5579 TIN: 52-115-4258	9A. AMENDMENT OF SOLICITATION NO.  9B. DATED (SEE ITEM 11)	10A. MODIFICATION OF CONTRACT/ORDER NO. X PDC-9001-C-00-9016-00	10B. DATED (SEE ITEM 11) December 23, 1988
CODE	FACILITY CODE		

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers  is extended  is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning \_\_\_\_\_ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

72-119/01038 VRR99029594HG84

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).
X C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF Section 9013(d) of the Defense Appropriation Act of 1989
D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor  is not,  is required to sign this document and return 018+4 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by DCF section headings, including solicitation/contract subject matter where feasible)

The purpose of this modification is to expand the scope of work by adding Attachment I - Scope of Work, to extend the period of service to account for the expanded scope of work and to fully fund the extension (see BUDGET pages 4-6).

Specifics are as follows: (See pages 2 through 4)

Except as provided herein, all terms and conditions of the document referenced in Item 8A or 10A, as heretofore changed, remains unchanged and in full force and effect.

13A. NAME AND TITLE OF SIGNER (Type or print) CHARITO KRUVANT, President	13B. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) KATHRYN Y. CUNNINGHAM, Contracting Officer
CONTRACTOR/OFFEROR <i>W. Char. &amp; Associates</i> (Signature of person authorized to sign)	18C. DATE SIGNED Feb 28, 1990
18D. UNITED STATES OF AMERICA	18E. DATE SIGNED <i>K. Cunningham</i> (Signature of Contracting Officer) 2/28/90

1. COVER PAGE

15.G. Total Amount of Contract

Delete "\$6,770,886" and substitute in lieu thereof "\$6,935,886."

2. SECTION B - SUPPLIES OR SERVICES & PRICES/COSTS

B.1. Estimated Cost and Fixed Fee

Delete this paragraph and substitute in lieu thereof the following:

"The Total Estimated Cost and Fixed Fee for this contract is "\$6,935,886."

3. SECTION F - DELIVERIES OR PERFORMANCE

F.1. Period of Performance

Delete "April 30, 1990" and substitute in lieu thereof "June 30, 1990."

4. SECTION G - CONTRACT ADMINISTRATION DATA

G.3. Appropriation and Obligation Information

Delete this paragraph in its entirety and substitute in lieu thereof the following:

"PIO/T NUMBER:	594-000-3-90019 A8
APPROPRIATION NUMBER:	72-119/01038
BUDGET PLAN CODE:	VRR99029594HG84
PROJECT NUMBER:	594-0000.02
PREVIOUS OBLIAGATIONS:	\$6,770,886
OBLIGATION THIS MODIFICATION:	165,000
TOTAL AMOUNT OBLIGATED:	\$6,935,886

ATTACHMENT I  
**SCOPE OF WORK**

**I. BACKGROUND**

The Medical Supply and Service Program of the Task Force on Humanitarian Assistance has been in operation in Costa Rica since May 24, 1988. This project provides medical attention to sick and wounded Nicaraguan Resistance members and their families. In July, 1988 a centralized medical recuperation center was established to provide these services plus food, clothing, shelter, and training. Subsequently, arrangements for vocational training and job placement for disabled ex-combatants of the Nicaraguan Resistance were made with Instituto Nacional de Aprendizaje (INA) and Asociacion Centro Integral de Ayuda Para Refugiados (ACIAR) respectively.

In January 1990, agreement was reached with the Government of Costa Rica (GOCCR) to phaseout the generalized medical care portion of the program, but to continue assistance to the handicapped and permanently disabled -- including basic needs, vocational training and job placement. It is now clear that such assistance will need to be continued after the present humanitarian assistance program, as it is now constituted, terminates.

**II. SCOPE OF WORK FOR NEW ACTIVITY**

This activity is a continuation of training in Costa Rica for voluntary reintergration and voluntary regional relocation, but it is different in three important aspects: (1) it is for the period of May and June, 1990; (2) it is limited to the handicapped and permanently disabled; and (3) vocational training and job placement are conducted through separate contractual arrangements.

**III. OBJECTIVES**

The goal of this activity -- to facilitate Resistance members' future adaptation and reintegration to responsible and productive civilian livelihoods and life styles -- remains unchanged.

The purpose of this amendment is to provide basic needs, oversee vocational training, job placement, rehabilitation therapy, medical treatment, transportation, and social adaptation for handicapped and permanently disabled ex-combatants of the Nicaragua Resistance. This support will enable the beneficiaries to take the first steps toward re-integrating into civilian society, and becoming self sufficient where feasible.

1,611

The objective is to provide the basic humanitarian needs and vocational support to an estimated 75-100 handicapped and permanently disabled ex-combatants of the Nicaraguan Resistance for a two month period May - June, 1990. This period of time is needed to enable development of a longer-term follow-on proposal to complete the process initiated under this amendment.

#### IV. DESCRIPTION OF SERVICES

##### A. Contract Management.

Contract management structure for the activities described in this amendment shall require a contract team leader in Costa Rica who will report to the A.I.D. Project Manager designated by the A.I.D. Mission Director in Costa Rica. The contract team leader will be responsible for management, oversight and coordination of all activities described herein. To meet other requirements, contractor shall:

- Allocate sufficient staff resources to meet accountability standards set forth in this Grant.
- Contract, or extend existing contracts to cover the personnel, shelter, food, security and clothing requirements for administering the center.
- Contract, or extend existing contracts with individuals (doctors and nurses) and institutions (Clinica Biblica and Clinica Catolica,) to meet the medical needs under this project.
- Contract, or extend existing contracts with individuals (psychologist/social worker) and institutions (INA, ACIAR, other) to meet the vocational training and job placement needs under this amendment.
- The contract activities will be supervised by, and coordinated through, the project manager designated by the A.I.D. Mission Director.

##### B. Work to be Performed.

###### 1. Responsibilities.

- For the months of May and June, 1990, contractor will provide professional services to handicapped and permanently disabled ex-combatants, ranging from provision of basic needs, medical services, social and psychological support, to vocational training and job placement. Contractor must assure that all personnel and institutions needed to provide these services continue in place.

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- Contractor will support a rehabilitation center, suitable for housing and sustaining the beneficiary group. Contractor will be responsible for overseeing and maintaining this facility, assuring that sufficient food, clothing, medicine, and medical services are provided, and that rent and utilities are paid on time.
- Contractor will provide, or arrange for, the needed transportation to and from the vocational training being provided by the National Apprenticeship Institute. This also includes transportation to and from the factories where on-the-job training is given.

## 2. Specific Activities to be Continued.

- Reception and Registration. Upon arrival at the center, the disabled ex-combatant will be issued bedding and clothing and will be scheduled for an examination by a medical specialist to determine the extent and ramifications of his disability.
- Physical Therapy and Medical Treatment. The medical staff will design a program for therapy and recuperation of the patient. This program may range from surgery at one of the local clinics to physical therapy at the center. During this therapy, literacy training may also be given, if needed.
- Psychological Testing and Support. The program psychologist or social worker will screen the patient to determine aptitude and preferences for vocational training. Psychological and sociological support for the patient to adapt to a new environment will be provided throughout the program.
- Vocational Training and Job Placement. Patient will be provided with training at INA or other appropriate training facility. On-the-job training and job placement will be the responsibility of ACIAR. Training and job placement will be in a specialty area approved by the GOCR where there is a labor shortage, such as industrial sewing.

\$164,914

BUDGET

CREATIVE ASSOCIATES INTERNATIONAL, INC.  
Working for the Nicaraguan Resistance/Phase IV  
Contract PDC 9001-C-00-9016-00

PROPOSED BUDGET/COSTA RICA MAY-JUNE, 1990  
Updated 2/27/90 \*

SALARIES & WAGES

	RATE	LOE	AMOUNT	MAY	JUNE
<b>i. Personnel (CAI):</b>					
Project Mgt. (one 5 day field trip)	\$243	5.0	\$1,215	2.5	2.5
Program/Financial Backstop @ 50%	\$123	22.0	\$2,708	11.5	10.5
Sub-Total		27.0		\$3,923	
<b>Country Personnel/Costa Rica:</b>					
Leonardo Ortega M.D., Director of Operations @ 75%	\$212	33.0	\$6,981	\$6,981	17.3 15.8
Local Administrative Staff @ \$1,450/mo.				\$2,900	
<b>Professional Staff/Local Hires</b>					
Psychologist/Evaluator Henry Lopez @ 50% (*)	\$54	22.0	\$1,191	\$1,191	11.5 10.5
Psychologist/Therapist, Aracelis Santo (*)	\$30	44.0	\$1,320	\$1,320	23 21
Physical Therapist, Judith Urena @ 50% (*)	\$30	22.0	\$660	\$660	11.5 10.5
• SUB-TOTAL SALARIES & WAGES				\$16,975	

FRINGE BENEFITS (@ 27% Salaries & Wages/employees only)

\$4,583

HEAD (@ 50% of Salaries & Wages/employees only)

\$8,487

TRAVEL & PER DIEM:

Travel:

Intl'. Travel/CAI D.C. Pers. x 1 @ 5 days/trp. x 1 trp	\$800
Sub-Total Travel	\$800

Per Diem - International:

Per Diem-CAI Staff living allowance @ \$1,500/mo.	\$3,000	(= loe base)
Per Diem-CAI D.C. Pers. x 1 @ 5 days/trp x 1 trp. ea.	\$993	6.6 (= loe base)
Sub-Total Per Diem	\$3,993	

• SUB-TOTAL TRAVEL & PER DIEM

\$4,793

\$4,793

OTHER DIRECT COSTS/Mo.

Rent (Field Office)	\$1,450
Vehicle Rental	\$900
Supplies	\$150
Postage	\$75
Delivery (Intl'. Courier)	\$400
Telephone	\$500
Duplication	\$175
Office Maintenance	\$150
Ins. (@ 25% In-Country salaries/consultants)	\$297 (one time)
	4.25% International Personnel

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SUB TOTAL OTHER DIRECT COSTS	4,096.7	2.0	\$7,897
Rehabilitation Program Expenses (see attached: May @ \$55,000.00/June @ \$43,000.00)			\$98,000
SUB-TOTAL EXPENSES:			\$140,735
G & A @ 0.5%			\$11,965
SUB-TOTAL			\$152,698
FEE @ 8%			\$12,216
TOTAL			\$164,914

\* Figures are rounded.

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26-Feb-90

COSTA RICA REHABILITATION PROGRAM

U.S. \$

EXCHANGE RATE:  
COLONES TO DOLLARS =

	MONTH OF MAY 81:1	MONTH OF JUNE 81:1	TOTAL THRU JUNE 81:1	MONTH OF MAY 81:1	MONTH OF JUNE 81:1	TOTAL THRU JUNE 81:1
1. GENERAL MEDICAL EXPENSES	2,500,000	1,500,000	4,000,000	30,864	18,519	49,383
2. REHABILITATION HOUSE						
A. RENT	350,000	350,000	700,000	4,321	4,321	8,642
B. FOOD/HYGIENE	500,000	500,000	1,000,000	6,173	6,173	12,346
C. UTILITIES	75,000	75,000	150,000	926	926	1,852
D. CLOTHING	100,000	100,000	200,000	1,235	1,235	2,469
E. MAINTENANCE & MISC.	50,000	50,000	100,000	617	617	1,235
SUBTOTAL.....	1,075,000	1,075,000	2,150,000	13,272	13,272	26,543
3. VEHICLE RENTAL, MAINTENANCE, FUEL, AND TRANSPORTATION	170,000	170,000	340,000	2,099	2,099	4,198
4. ADMINISTRATIVE & COORDINATION COSTS & ACCOUNTING SERVICES	400,000	400,000	800,000	4,938	4,938	9,877
5. TREATMENT & TRAINING FOR THE DISABLED	400,000	400,000	800,000	4,938	4,938	9,877
<b>TOTAL COLONES</b>	<b>4,545,000</b>	<b>3,545,000</b>	<b>8,090,000</b>			
<b>DOLLAR EQUIVALENT</b>	<b>56,111.11</b>	<b>43,765.43</b>	<b>99,876.54</b>			

3/9/90



# Training 2

kitchen hygiene, and parenting seminars.

17 of the top graduates from agricultural and animal husbandry were selected and trained as rural promoters. These graduates completed 85 separate training activities that included animal vaccinations, soil preparation demonstrations, animal husbandry practices, a increased vegetable production techniques.. In addition, they are responsible for supervising school gardens and teaching primary school children basic agriculture and animal husbandry.

185 comandantes and staff were given civic education TOTs. The program they deliver is designed for the masses to convey democratic values and concepts. Outreach as of November 30 has been 1,792.

In October, Creative Associates opened a new training center at CIM in Yamales. A core staff with RN assistants gives civic education seminars in a retreat-like atmosphere. The RN assistants became so skilled and adept at transferring information, they now run much of the program by themselves. Similarly, RN literacy TOT graduates delivered their own literacy TOT to 30 individuals in Rocay; these 30 new instructors are teaching over 600 how to read and write. The 7 primary school teachers, trained under phase III, are supervised and supported by an RN member who completed an education administration course given by Creative Associates. Inventory control, report writing, teaching methodologies, logistics and coordination of the eight primary schools are all under this individual's care.

As of November 30, Creative Associates had met with IMC and the RN Estado Mayor and developed a training strategy for CAII at Rancho Grande. This strategy builds on RN graduates of CAII TOTs and will use them as instructors at Rancho Grande. Two literacy trainers, one carpentry, two shoemaking and a woodworking instructor have been identified and will be transferred from Yamales to rancho grande. In addition, a consultant will deliver a two-week seminar to these instructors and the existing ones at Rancho Grande. This seminar will focus on adult education methodologies, curriculum and lesson plan development, and motivation techniques.



