Grant Agreement

Between

the Government of the State of Israel,
acting through the Centre for International Cooperation (MASHAV) of the Ministry of Foreign Affairs ("Grantee")

and

the Government of the United States of America,
acting through the United States Agency for International Development - Regional Mission for Central Asia ("USAID/CAR")
1. Activity Title: USAID - MASHAV - Cooperation Program in Central Asia

2. USAID Activity Number: 122-P-00-00-00003-00

3. Purpose: USAID/CAR and MASHAV hereby agree to carry out the Activity described in this Agreement in accordance with (a) the terms of this Agreement and (b) any general agreement between the two governments regarding economic or technical cooperation.

4. USAID Contribution: USAID, pursuant to the Foreign Assistance Act of 1961, as amended, hereby obligates U.S. $900,000 (the "Grant") in U.S. Fiscal Year 2000 funding to be expended as described herein to MASHAV. The total estimated cost of the Agreement is, subject to the availability of funds, $5,000,000 (five million U.S. Dollars).

5. MASHAV Contribution: MASHAV will provide equivalent U.S.$ 190,000.

6. Completion Date: September 30, 2005.

7. This Agreement consists of (a) this Title Page, (b) Annex 1, the Description of the Cooperation Program, and (c) Annex 2, the Standard Provisions.

8. USAID/CAR Address: U.S. Embassy, 97A Furmanov St., Almaty, Kazakhstan 480091.

9. MASHAV Address: Ministry of Foreign Affairs, Jerusalem, 91950.

10. For the Government of the State of Israel, acting through the Centre for International Cooperation (MASHAV) of the Ministry of Foreign Affairs:

   Signature: [Signature]
   Name: ISRAEL MEY-AMI
   Title: AMBASSADOR EXTRAORDINARY AND PLeniPOTENTIARY
   Date: 28.03.2001

11. For the Government of the United States of America, acting through the United States Agency for International Development - Regional Mission for Central Asia:

   Signature: [Signature]
   Name: [Name]
   Title: [Title]
   Date: 28 [Month]
12. ACCOUNTING AND APPROPRIATIONS DATA

12(a) USAID - MASHAV - Cooperation Program in Central Asia
12(b) MAARD Number.: 122-0004-1008

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Obligated Amount: $900,000
Ceiling Amount: $5,000,000

Recipient Payment Method:

USAID/CAR Payment Office:
Street Address:
USAID/CAR Regional Mission
Attn: Controller
97a Furmanov Street
480091, Almaty
Kazakhstan

Mailing Address:
U.S. Embassy/USAID
Attn: Controller
Department of State
7030 Almaty Place
Washington, D.C. 20521-7030

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DESCRIPTION OF THE COOPERATION PROGRAM

Premise

USAID recognizes the value to both the United States and to Israel of collaboration and cooperation between USAID and MASHAV in facilitating the provision of development assistance from Israel to the newly independent states of Central Asia, particularly Kazakhstan, Kyrgyz Republic, and Uzbekistan.

Purpose

This Agreement will build a new Cooperation Program by supporting the identification and delivery of Israeli technical assistance and training which contribute to achievement of results in USAID’s Assistance Strategy for the newly independent states of Central Asia for which Israeli experience, technology, and expertise are particularly valuable. This Cooperation Program will directly contribute to the goal of USAID’s Assistance Strategy of expanding opportunities for citizens of these nations to improve their governance, livelihoods, and quality of life.

Background

The joint Cooperation Program / Central Asian Republic (CDP/CAR) between USAID and MASHAV was designed and formulated within the U.S. strategic goals during U.S. fiscal year (FY) 1993/1994 following the collapse of the former Soviet Union and the emergence of the newly created independent Republics of Central Asia.

The activities formulated and implemented during the Cooperation Program period made a significant impact in the rural/agricultural sector of the Central Asian Republics of Uzbekistan, Kyrgyz Republic, and Kazakhstan through the development of demonstration sites and agribusiness centers. USAID funding for these activities will be phased out by the end of calendar year (2000).

Joint consultations on the history and future of USAID/CAR – MASHAV - Cooperation Programs were conducted throughout fiscal year 2000 to identify areas of mutual collaboration which directly support USAID/CAR’s new assistance strategy, the USAID’s Bureau for Europe and Eurasia’s strategic vision, as well as mutual foreign policy interests. USAID/CAR and Israel agreed on the desirability of expanding Israeli linkages and the flow of Israeli technical assistance and training to Central Asian countries under a USAID – MASHAV - Cooperation Program in Central Asia.

This Cooperation Program will work within the framework of USAID’s new Assistance Strategy for Central Asia to expand opportunities for the citizens of the five new nations to participate in improving their governance, their livelihoods, and their
quality of life through four primary objectives for each country:

- the growth of small-scale enterprise and trade;
- building a more democratic culture;
- better management of water and energy resources; and
- improved access to and delivery of quality primary health care.

Rationale

Israeli expertise and experience will provide significant contributions to achieving development results to the Central Asian countries and multilateral efforts in the areas of primary health care, environmental management demonstrations, small and medium enterprise, and organizational and leadership training.

With close to 1,000,000 former Soviet immigrants having arrived to Israel over the last decade, many MASHAV experts have the comparative advantage of providing technical assistance in the Russian language. In addition, these experts are well versed in the conceptual limitations of the former Soviet health, water, entrepreneurial, and agricultural systems.

This expertise will contribute to achieving results as identified in USAID/CAR’s Assistance Strategy for the Central Asia region. USAID/CAR, through its Offices of Social Transition (OST), Energy and Environmental Initiatives (OEEI), Market Transition (OMT), Democratic Transition (ODT), and Country Offices is committed to cooperating with MASHAV for the strategy period 2001 - 2005. To achieve the primary objectives described above, five sets of specific results have been jointly identified by USAID/CAR S.O. Team Leader and MASHAV representative:

- Strengthening and expanding the role of the primary health care worker;
- Environmental demonstrations in wetland management;
- Biological techniques to drain waterlogged soil;
- Development of small- and medium-sized agri-businesses; and
- Empowering women in community development through increasing skills and knowledge.

Other sets of development results may be identified for future support based on mutual agreement.

Israel possesses substantial technical assistance capabilities, including several international training facilities, research institutions, access to technologies, and a large roster of experts with experience in development projects.

This Cooperation Program will also facilitate increased linkages between Central Asian countries and Israel in the areas identified above, and through the jointly-provided financial resources contributed herein, will directly expand Israeli and host country bilateral cooperation and relationships. Indirectly, the Cooperation Program has the
potential to stimulate further Israel – Europe and Eurasia (E&E) country assistance relationships.

Cooperation Program Operational Outline

This Cooperation Program provides financial support for assistance activities jointly planned by USAID/CAR and MASHAV and implemented by MASHAV for the Central Asian countries of Kazakhstan, Kyrgyz Republic, and Uzbekistan (and possibly Tajikistan and Turkmenistan as mutually agreed). The amount of this support and nature of these activities will be determined through a work-plan ("Cooperation Program Implementation Plan") of selected training and technical assistance activities (short- and long-term) to be financed with appropriate fiscal year funds as determined. The annual Cooperation Program Implementation Plan will be discussed and agreed upon annually between USAID and MASHAV.

Following joint agreement between the relevant USAID/CAR Strategic Objective (S.O.) Team Leaders and MASHAV on the planned training and technical assistance activities, the Cooperation Program Implementation Plan is finalized including budgets for each activity category and budgets for each specific technical assistance activity. The Cooperation Program Implementation Plan contains two parts. Part I is sub-divided by: Cooperation Program activity categories (e.g., training, consultancies, technical assistance, etc.) and USAID/CAR and MASHAV financial contributions to each activity category.

Part II identifies proposed technical assistance activities for each relevant priority geographic area (Fergana Valley, Kyrgyz Republic and Uzbekistan; Atyrau, Kazakhstan; and others as mutually agreed.)

MASHAV is responsible for obtaining necessary host country approvals for specific training and technical assistance activities. USAID/CAR’s concurrence will occur at the time that the: 1) Mission Director approves funding, and 2) S.O. Team Leader approves the Cooperation Program Implementation Plan and/or as discussed in the semi-annual Cooperation Program consultations. All technical and administrative aspects regarding implementation of the training and technical assistance activities are the responsibility of MASHAV. Additional activities to those already specified in this Agreement may be based on requests from Central Asian countries; identified jointly by MASHAV, host country officials, and USAID/CAR; or identified by USAID/CAR.

Substitutions or other revisions may be made to the list of planned training and technical assistance activities in the Cooperation Program Implementation Plan at any time subject to mutual agreement in writing by USAID/CAR Strategic Objective (S.O.) Team Leaders and the relevant MASHAV representative, provided that the total amount of the USAID/CAR contribution does not exceed the amount authorized for the Cooperation Program for that year.

The disbursement of USAID/CAR’s financing contribution will be (a) by providing MASHAV with up to sixty (60) cash, thirty (30) day advances while MASHAV subsequently in quarterly expenditures report will provide USAID/CAR with
documentation regarding the use of those funds (the sections below provide detail on these arrangements), or (b) in any other way mutually agreed upon between MASHAV and USAID/CAR in writing.

I. The Cooperation Program

The USAID – MASHAV Cooperation Program in Central Asia for U.S. FY01 – FY05 implementation includes components of 1) short-term technical assistance (“consultancies”), 2) long-term technical assistance, and 3) training.

Funds for the Cooperation Program are contributed by USAID/CAR and MASHAV to finance Israeli expertise for training both in Israel and In-Country (“on the spot”) as well as project development and related support systems (vehicles, small equipment, supplies, miscellaneous expenses) only. Future allocations for the multi-year project will be determined by progress made. Key components to the Cooperation Program are as follows (though other activities may be identified for future support based on mutual agreement):

Primary Health Care: Strategic Objective: Increased Access to Quality Primary Health Care in Select Populations

Purpose
Health care and health status in the new independent states of Central Asia have deteriorated substantially since the breakup of the Soviet Union. This deterioration is due in large measure to the continued reliance on Soviet-style health systems that are inefficient and un-responsive to the health needs of the population. In these countries, the quality of healthcare has been compromised by underfunding. Medical personnel are overspecialised and international protocols on diagnostics and treatment for major diseases have not yet been implemented nation-wide. Health promotion and disease prevention services are lacking.

The USAID – MASHAV Cooperation Program in Central Asia will increase access to quality primary health care. Initially, the Cooperation Program will contribute to achieving results under this objective by developing and expanding the clinical, administrative, and leadership roles and enhancing the professional status of the universal nurse (community health nurse) in Uzbekistan. Other activities may be identified for future support based on mutual agreement.

Background
In 1999, a USAID-sponsored program review of health activities in Uzbekistan found that on-going health reform efforts have not sufficiently addressed the role of nurses, to date. To achieve the objective, it is necessary to build human capacity within the nursing community by upgrading and expanding their clinical, administrative, decision-making, and leadership functions. As a result, improvements in the quality of health care, education, and counseling at primary health care delivery points will be achieved. MASHAV has articulated their comparative advantage and interest in working in this sphere within Uzbekistan.
MASHAV is well versed in the clinical and conceptual limitations of the former Soviet health system. With the influx of immigrants from the former Soviet Union (FSU) into Israel over the last ten years, the Government of the State of Israel has had to undergo a massive retraining effort to upgrade the knowledge and skills of FSU nurses and doctors. As a result, Israel now has a large cadre of Russian-speaking nurses who practice a modern nursing philosophy that includes expanded clinical and health education competencies and who serve as members of professional health teams.

Since 1993, MASHAV has provided nursing leadership and clinical training and exchange programs for Central Asian nurse professionals. The Government of the State of Israel’s on-going and productive relationship with the Government of Uzbekistan puts MASHAV in a good position to conduct national-level policy advocacy to expand the role and status of the universal nurse.

Strategic Objective
During the U.S. fiscal year (FY) 2001 to FY 2005 period, USAID/CAR’s Office of Social Transition (OST) will pursue the long-range goal of healthier Central Asian populations through a single and common Strategic Objective “Increased Access to Quality Primary Health Care in Select Populations.” This strategic objective will be achieved over the next five years if:

1. Select populations are better informed about their personal health care rights and responsibilities;

2. The quality of primary health care is improved including infectious disease and maternal and child health services;

3. Financial resources dedicated to primary health care are better utilized; and

4. A legislative, regulatory and policy framework is established to support health systems development.

The Cooperation Program will contribute to achieving results under these results, particularly 1, 2, and 4 above.

Cooperation Program Parameters
The scope of the activities expected is defined by four fundamental parameters: 1) geographic focus, 2) special implementation issues; 3) customer focus; and 4) budget.

Geographic Focus
The Mission’s work in Fergana Oblast reflects the U.S. Government’s commitment to concentrate efforts in Fergana Valley. It is anticipated that MASHAV will focus its initial technical assistance efforts within Fergana Oblast, and then roll-out to other locations within Fergana Valley, and/or other areas as mutually agreed. Work at the national, policy-level will also be required in order to establish and institute relevant policy reform for sustainable development.
Special Implementation Issues
Coordination and collaboration is critical to the success of this activity. MASHAV must demonstrate close working relationships with other USAID/CAR implementing partners that the Mission may designate to achieve the same strategic results. Collaboration is expected with Abt Associates, Inc., which is responsible for implementing the Mission’s new flagship health initiative “Central Asia Quality Health Care Project.” In addition, MASHAV should coordinate activities with the World Bank, Japan International Cooperation Agency (JICA), the American International Health Alliance (AIHA), the U.S. Centers for Disease Control and Prevention (CDC), Project HOPE, and other donors/ implementing partners working in the nursing sphere.

The impact of gender on health care delivery and choices will be important to MASHAV’s success in measuring and achieving results. MASHAV should address gender issues as an integrated part of its activities.

Customer Focus
USAID/CAR considers the ultimate customer of this activity to be the citizens of Ferghana Valley (initially) who are served by the universal nurse. Intermediate customers are the universal nurses and the Government of Uzbekistan.

Budget
Initially, USAID obligates $400,000 from U.S. fiscal year (FY) 2000 funds for this activity. It is anticipated that a total of $2.0 million will be committed through FY 2005 for these activities, subject to the availability of funds.

Environment: Strategic Objective: Improved Management of Critical Natural Resources, Including Energy

Purpose
To contribute to the achievement of this objective, the USAID – MASHAV Cooperation Program will demonstrate good water management practices in the Amu Darya and Syr Darya River basins. Activities supported by this Cooperation Program will contribute to the achievement of the strategic objective in the two key areas of increasing management capacity in the natural resources sector, and in the development of sustainable models for integrated natural resource management. Initially, results will be achieved through training and the development of pilot demonstration projects in the management of wetlands areas, with an emphasis on improving livelihoods for citizens; and in using agri-forestry to solve the problems associated with soil salinization of irrigated agriculture. Activities will be conducted in selected, problem areas within the river basins. Other activities may be identified for future support based on mutual agreement.

Background
In the semi-arid areas of Central Asia no resource is more vital than water. During the Soviet era central planners diverted large amounts of water from the two main rivers feeding the Aral Sea for the development of an extensive irrigation system. This resulted not only in the shrinking of the Aral Sea and all its disastrous results, but several other
problems as well. Two of these include the drying up of thousands of hectares of wetlands associated with the delta regions of the Amu and Syr Darya rivers and a rising water table in some irrigated areas. In the case of the former, the loss of wetlands had a profound effect on both wildlife and the people who derived their livelihoods from delta regions. As to the latter, due to unsound irrigation practices, soils in some areas have become waterlogged, reducing their productivity and the quality of life of citizens living in their vicinity.

As part of the development of its strategic plan, USAID identified improvement in the management of natural resources as one of its main goals. MASHAV will prove to be an excellent partner to USAID in the achievement of the results of this strategic objective. Israel is recognized worldwide as leaders in water management in semi-arid areas. They also bring several years of experience working in the CAR region on agricultural technology, demonstration projects and training. This experience and expertise will support the USAID emphasis on training as a means of increasing the capacity of natural resource managers. One of the components of the USAID training program will be demonstration pilot projects that support and reinforce themes presented in courses. MASHAV will implement such projects to demonstrate principles and practices that will add to the quality of life of the people of Central Asia, plus contribute to the protection of vital natural resources.

Wetlands are one of those vital resources and there are several such areas in Central Asia. Through cooperative assessments with USAID/CAR and MASHAV it has been determined that the wetland demonstration for this project should take place in the delta region on the Eastern Shore of the Aral Sea where the Syr Darya River ends. The delta is an environmentally important wetland area that supports the biodiversity of the nation. There is also a substantial population of approximately 100,000, many of whom have been impoverished by the Aral Sea disaster. Other donors with activities in the area include UNDP and World Bank. This MASHAV activity would work closely with and support these and other donor projects.

**Strategic Objective**
During the U.S. fiscal year (FY) 2001 to FY 2005 period, USAID/CAR, through its Office of Energy and Environmental Initiatives (OEEI), is committed to achieve results towards the strategic objective, "Improved Management of Critical Natural Resources, Including Energy". Four intermediate results are necessary to achieve this objective:

1. Increased management capacity in the natural resources sector;

2. Improved policy and regulatory framework for natural resources management;

3. Sustainable models developed for integrated natural resources management; and

4. Public commitment established for natural resources management policies.
The Cooperation Program will contribute to achieving these results, particularly numbers 1, 3, and 4 above.

**Cooperation Program Parameters**
The scope of the activities is defined by four parameters: 1) geographic focus, 2) special implementation issues; 3) customer focus; and 4) budget.

**Geographic Focus**
The initial activities under this objective will be focused on two areas of strategic importance: the Syr Darya basin near the Aral Sea in Kazakhstan and the Amu Darya basin in the Ferghana Valley.

**Special Implementation Issues**
In the Aral Sea region, MASHAV staff must develop the activities in close cooperation with the many other organizations working in the same area. These include the World Bank and the UNDP. Also, as this is a difficult area to work in, physically, socially and economically, it is of critical importance to establish good relations with local government officials in order to garner as much support as possible.

**Customer Focus**
USAID/CAR considers the ultimate customers of this activity to be the citizens in and around the wetland and other project areas that derive economic and environmental benefits from the improved management of water resources of the area.

**Budget**
Initially, USAID obligates $300,000 from U.S. fiscal year (FY) 2000 funds for this activity. It is anticipated that a total of $1.5 million will be committed through FY 2005 for these activities, subject to the availability of funds.

**Enterprise: Strategic Objective: Improved Environment for the Growth of Small-Medium Enterprises**

**Purpose**
The USAID - MASHAV Cooperation Program will build on an earlier MASHAV program to concentrate specific technical assistance and training for the development of small and medium rural agribusiness enterprises. The Cooperation Program will support the USAID strategic objective, “Improved Environment for the Development of Private Enterprises”. The result of activities under this strategic objective will be to increase opportunities for entrepreneurs through acquiring business information, knowledge, and skills. The Cooperation Program will be built on the work that MASHAV has done in CAR through the Cooperation Program (CDP) and will include training in agribusiness planning, finance and management. In the first instance, activities will be concentrated in Uzbekistan and Kyrgyz Republic through existing business consulting centers, and in Atyrau, Kazakhstan to assist farmers in the production of fresh produce for the growing demand from the oil and gas industry in that region. Other activities may be identified for future support based on mutual agreement.
Background
USAID/CAR’s strategic objective is to improve the environment for the growth of small-and medium-sized enterprises (SMEs). A main component of the strategy is to provide direct technical assistance to either existing or start-up SMEs. Activities to be financed by this grant fit into this strategy. The majority of MASHAV’s work is direct consulting and training with individuals or groups of agribusiness entrepreneurs. This technical assistance will cover such areas as planning, accounting, tax strategy, technology investment, marketing, credit strategies, etc.

Agriculture plays an important social and economic role throughout Central Asia. Thus, a program focused on the unique needs of farmers and agricultural businessmen is justified. The Cooperation Program will be implemented in Kazakhstan, Uzbekistan and Kyrgyz Republic and tailored to the needs of agribusiness in each country. This is necessary as the level of privatization and macro-economic policies differ for each nation. The training and consulting activities associated with the project will occur in consulting centers located in the respective countries, with specialized training courses to take place either locally or in Israel.

MASHAV is well suited to implement the activities outlined in the grant due to their experience in the region, their long association with USAID, and the access they have to the necessary technical expertise. Through the CDP program, MASHAV has been working in each of these countries for several years on the development of model farms or establishing agribusiness consulting centers. MASHAV is also well known throughout the region by agricultural and development officials familiar with the “grassroots” assistance programs they have provided. MASHAV is recognized as being a world leader in water conservation and greenhouse technology for the production of fresh produce in arid regions. This activity builds on those prior experiences in order to provide continued meaningful assistance to agricultural SMEs.

Strategic Objective
The activities covered in this Cooperation Program contribute to the USAID/CAR Mission’s strategic objective “Improved Environment for the Growth of Small and Medium Sized Enterprises”. It is expected that this objective will be achieved if there are:

1. Increased opportunities to acquire business information, knowledge, and skills;

2. More responsive financial institutions, instruments, and markets; and

3. Increased implementation of laws and regulations.

The Cooperation Program will contribute to achieving these results, particularly 1 above.

Cooperation Program Parameters
The scope of the activities is defined by four parameters: 1) geographic focus, 2) special
implementation issues, 3) customer focus, and 4) budget.

Geographic Focus
Activities will reach into three areas of strategic importance to USAID/CAR. These include the Atyrau region in Kazakhstan, the Osh region of Kyrgyz Republic, and the Ferghana Valley.

Special Implementation Issues
In Uzbekistan and Kyrgyz Republic MASHAV will provide training through the continued use of consulting centers closely linked to the demonstration farms established during the CDP. It is necessary to establish close ties with the Ministries of Agriculture for these to be successful as well as with other training programs funded by the USAID/CAR mission.

In the Atyrau region of Kazakhstan, MASHAV will develop activities in close cooperation with several other organizations. These include the USAID regional office, the government agency sponsoring the loan fund aimed at agricultural business development, the Tengiz Chevron Oil (TCO) fund, and the UNDP business development center.

Customer Focus
USAID/CAR considers the ultimate customers of this activity to be the existing or potential SME entrepreneurs who participate in the training or individual consulting programs. Secondary customers are citizens and governments that benefit from more economic activity resulting in a broader tax base and increased opportunities for employment.

Budget
Initially, USAID obligates $200,000 from U.S. fiscal year (FY) 2000 funds for this activity. It is anticipated that a total of $1.0 million will be committed through FY 2005 for these activities, subject to the availability of funds.

Democratization: Strategic Objective: Strengthened Democratic Culture Among Citizens and Target Institutions

Purpose
To enhance the knowledge, competence, and skills of Central Asian citizens, particularly women, thereby increasing their involvement and contribution to democratic governance, social and community livelihoods and quality of life.

Background
Reducing gender bias is important in Central Asia where centuries of Asian and Islamic tradition still hold sway. As USAID focuses its strategy on citizens, greater attention is paid to the inequitable opportunities for men and women to earn income, participate in civil society, protect their health and deal with the consequences of energy and environmental management. To date, women in Central Asia have benefited significantly from programs such as micro-credit and organizational development. In fact, women have taken the lead in the development of NGOs as an alternative outlet for civic interest in
societal development. However, deficient awareness and knowledge of the law, particularly legal rights, often constrain women’s full participation in society. Increasing domestic violence and sexual discrimination at the workplace, due to other societal illnesses (e.g., drug and alcohol abuse, unemployment, etc.) widen hurdles both men and women must overcome. Furthermore, the sharp decline in the post-communist era of female political participation in the region poses considerable challenges for equitable political representation and opportunities for women’s leadership. These and other obstacles facing women, and in some instances men, impede progress towards democratic reforms and indispensable equitable gender participation therein.

In an effort to provide men and women the essential skills to effectively participate in and contribute to community livelihoods and improved quality of life, USAID/CAR will institute a training exchange program with The Golda Meir Mount Carmel International Training Center, located in Haifa. This Center fosters cooperation with newly emerging states through training courses, study workshops and seminars intended mainly for women. Where appropriate, male participants will also be identified. An underlying philosophy stresses the importance of grassroots development and the recognition of women’s contribution to their countries’ development. Specifically, the Center has experience implementing courses such as: Women Development and Public Policy, Entrepreneurship and Gender, Women’s Leadership, and Socio-Economic Development and Gender Issues. Other activities may be identified for future support based on mutual agreement.

**Strategic Objective**

USAID’s Assistance Strategy incorporates the crosscutting objective “Addressing Gender Issues”. This crosscutting objective is therefore strongly linked to all strategic objectives in USAID’s Assistance Strategy. All MASHAV activities in Central Asia will demonstrate gender-related results as agreed to by both parties during annual joint Cooperation Program Planning Consultations (Section IV. below).

**Cooperation Program Parameters**

Cooperation Program parameters for gender organizational and leadership training have yet to be defined by USAID. USAID will define the parameters, geographic focus, special implementation issues, and customer focus in the near future.

**Budget**

Because the activity awaits further definition, USAID does not obligate any FY 2000 funds for this activity at this time. It is anticipated that at least $100,000 will be available through FY 2005 for these activities, subject to the availability of funds.

**I.a. Training**

Training will be available to persons in the private and/or public sectors who have been identified as possessing the potential to significantly benefit from the training and contribute positively as a result of learning and skills acquired from the training to the achievement of short- or long-term country development objectives.
Selection of trainees will be the responsibility of MASHAV. USAID/CAR may propose candidates and courses/subjects for training administered by MASHAV. Proposed training will be reviewed and jointly concurred with by USAID/CAR and MASHAV in the determination of the Cooperation Program Implementation Plan.

Training administration will be the responsibility of MASHAV.

I.a.i. Training in Israel

Training courses or workshops in Israel will focus on the following areas:

- Agro-enterprise
- Nursing and primary health care
- Water management
- Small- and medium-sized business development
- Community development
- Leadership
- Women in Development

Individual training and “tailor made” training programs may also be developed by MASHAV.

Training will be provided through short-term courses, generally of twenty (20) to thirty (30) calendar days duration, at MASHAV-affiliated institutions in Israel. Workshops of ten (10) to fourteen (14) calendar days duration will also be available.

Individual training may also be provided in “tailor made” programs in scientific fields or as a supplement for purposes of specialization for graduates of a regularly scheduled course.

I.a.ii. In-Country Training

In selected Central Asian countries (as agreed upon by both USAID/CAR and MASHAV), MASHAV will conduct “on the spot” courses of ten (10) to eighteen (18) calendar days duration in cooperation with the host country government or an appropriate local institution.

I.b. Short-Term In-Country Assistance (“Consultancies”)

Short-term technical assistance may involve some or all of the following: conducting studies, providing discrete and limited advisory services, and/or preparing a project for implementation, or other general consultancies on development projects or issues.

I.c. Long-Term In-Country Technical Assistance

Long-term technical assistance may involve advisory technical, administrative,
organizational as well as other expert services to assist in the design, implementation, management, general assessment and evaluation of development activities in areas such as:

- Agro-enterprise
- Nursing and primary health care
- Water management
- Small- and medium-sized business development
- Community development
- Leadership
- Women in Development

Technical assistance activities proposed for the Cooperation Program will be contained in the Cooperation Program Implementation Plan to be finalized and agreed upon between USAID and MASHAV.

I.d. Equipment, Vehicles, Miscellaneous

This category includes various items of small equipment, vehicles, operation/maintenance, etc., particularly in support of long-term technical assistance. Up to $25,000 of funds contributed by USAID/CAR and reserved for this category in the Cooperation Program Implementation Plan may be used for evaluation of the Cooperation Program by an external professional.

II. Budget/Financial Plan

The Cooperation Program provides for a USAID/CAR contribution to the USAID – MASHAV Cooperation Program in Central Asia to support training and technical assistance to Central Asian countries to be implemented by MASHAV. MASHAV’s contribution to the Cooperation Program activities is in the form of in-kind products and services, and/or cash. Air-fares and support for technical assistance will be funded by USAID/CAR and MASHAV contributions.

MASHAV, at its discretion, may allocate Cooperation Program funds for eligible activities on a periodic or multi-year basis according to needs of individual activities in the specific period (“incremental funding”). However, the total financial obligation of USAID/CAR to the Cooperation Program for any fiscal year’s approved “Cooperation Program Implementation Plan” shall not exceed the amount of the USAID/CAR contribution obligated herein. MASHAV assumes responsibility for providing any further amounts of funding, beyond the total amount of USAID/CAR’s contribution according to the present Agreement, required to complete any activity or group of activities funded incrementally should USAID/CAR funds for any reason be insufficient or cease to be available for the Cooperation Program in this or future fiscal years. Before final disbursement of funds is made, the grantee will have met their contribution requirement as noted in the title page. The below budget (per line item) may be adjusted and revised with the approval of the relevant S.O. Team Leader and MASHAV. However, budget revisions which increase or decrease the level of contribution by either party must be approved by the Mission Director or USAID/CAR Grant Officer.
Unless the Parties mutually agreed in writing, upon a different way of disbursing USAID’s financial contribution to the Cooperation Program, the disbursement of this financial contribution will be made as follows:

1. Advance Number One. After the Agreement has been signed and the relevant S.O. Team Leader has approved the Cooperation Program Implementation Plan, the Government of the State of Israel (through its agent, MASHAV) may request an advance of funds in U.S. Dollars. The amount would be to cover expenses for training and technical assistance to Central Asian countries provided by MASHAV, which are eligible activities under the Cooperation Program Implementation Plan; and, anticipated Cooperation Program expenses for eligible training and technical assistance activities for the first 30 calendar days of the Agreement.

2. Subsequent Advances. Subsequent advances shall be for estimated cash requirements for periods not exceeding thirty (30) days. The relevant USAID/CAR S.O. Team Leader shall administratively review and approve written requests for advances payment of funds and deliver to Controller’s Office, USAID/CAR, Almaty, Kazakhstan, for processing within 5 business days of receipt.

3. MASHAV shall provide USAID/CAR Controller Office with appropriate information about its commercial banking arrangements to allow electronic transfer of funds from USAID to MASHAV’s account.

Financial Plan by Strategic Objective Category (SUSD)

The following budgets reflect the planned USAID’s and MASHAV’s contribution for the period ending September 30, 2001.

S.O. 3.2 Increased Access to Quality Primary Health Care for Select Population

<table>
<thead>
<tr>
<th>Activity</th>
<th>USAID/CAR</th>
<th>MASHAV</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training in Israel</td>
<td>270,000</td>
<td></td>
<td>270,000</td>
</tr>
<tr>
<td>In-Country Training</td>
<td>20,000</td>
<td>20,000</td>
<td>40,000</td>
</tr>
<tr>
<td>Short- and Long-Term</td>
<td>30,000</td>
<td>20,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Technical Assistance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment, Vehicles,</td>
<td>80,000</td>
<td></td>
<td>80,000</td>
</tr>
<tr>
<td>Evaluation, Misc.</td>
<td>(The amount includes flight tickets)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Totals: 400,000 40,000 440,000
**S.O. 2.1: Strengthened Democratic Culture Among Citizens and Target Institutions.**

<table>
<thead>
<tr>
<th>Activity</th>
<th>USAID/CAR</th>
<th>MASHAV</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training in Israel</td>
<td>64,000</td>
<td></td>
<td>64,000</td>
</tr>
<tr>
<td>In-Country Training</td>
<td>36,000</td>
<td></td>
<td>36,000</td>
</tr>
<tr>
<td>Short- and Long-Term Technical Assistance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment, Vehicles, Evaluation, Misc.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Totals:</td>
<td>100,000</td>
<td>100,000</td>
<td></td>
</tr>
</tbody>
</table>

**S.O. 1.6: Improved Management of Critical Natural Resources, Including Energy.**

<table>
<thead>
<tr>
<th>Activity</th>
<th>USAID/CAR</th>
<th>MASHAV</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training in Israel</td>
<td>35,000</td>
<td>20,000</td>
<td>55,000</td>
</tr>
<tr>
<td>In-Country Training</td>
<td>35,000</td>
<td>15,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Short- and Long-Term Technical Assistance</td>
<td>60,000</td>
<td>40,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Equipment, Vehicles, Evaluation, Misc.</td>
<td>170,000</td>
<td>75,000</td>
<td>245,000</td>
</tr>
<tr>
<td>Totals:</td>
<td>300,000</td>
<td>150,000</td>
<td>450,000</td>
</tr>
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</table>

**S.O. 1.3: Improved Environment for the Growth of Small-Medium Enterprises**

**KAZAKHSTAN**

<table>
<thead>
<tr>
<th>Activity</th>
<th>USAID/CAR</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training in Israel</td>
<td>20,000</td>
<td>20,000</td>
</tr>
<tr>
<td>In-Country Training</td>
<td>15,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Short- and Long-Term Technical Assistance</td>
<td>15,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Activity</td>
<td>USAID/CAR</td>
<td>Total</td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>-----------</td>
<td>-------</td>
</tr>
<tr>
<td>Training in Israel</td>
<td>30,000</td>
<td>30,000</td>
</tr>
<tr>
<td>In-Country Training</td>
<td>30,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Short- and Long-Term Technical Assistance</td>
<td>40,000</td>
<td>40,000</td>
</tr>
<tr>
<td>Equipment, Vehicles, Evaluation, Misc.</td>
<td>100,000</td>
<td>100,000</td>
</tr>
</tbody>
</table>

Total Cooperation Program Budget $1,190,000

III. Disbursement: Financial Procedures

III.a. Disbursement Procedures

USAID/CAR’s contribution to the Cooperation Program will be liquidated in up to sixty (60) tranches. A first tranche will be liquidated to MASHAV following the approval
and signing of the Cooperation Program Implementation Plan by the relevant S.O. Team Leader. Additional tranches may be requested and will be liquidated as needed for no more than a thirty (30) day advance period.

Disbursement of funds by USAID/CAR to MASHAV will be made based on the submission of a “Request for Advance” form (SF-270) to the USAID/CAR Controller, Almaty, Kazakhstan. Funds requested for the first disbursement shall be for the initial cash needs for up to thirty (30) days. Subsequent requests shall be for estimated cash requirements for periods not exceeding thirty (30) days. The relevant USAID/CAR Strategic Objective Team Leaders shall administratively approve the request and deliver it to USAID/CAR Controller’s Office, Almaty, Kazakhstan, for immediate processing. MASHAV shall complete Section 10 of the request to include its commercial banking information so funds may be transferred electronically.

III.b. Financial Reporting

MASHAV will provide USAID/CAR with a detailed quarterly financial report, (See Section VI. below), developed by mutual agreement between USAID/CAR and MASHAV.

The Financial reports presented by MASHAV for Cooperation Program Costs to account for USAID/CAR’s contribution must reflect actual expenses incurred during the period. However, for reporting by activity category, expenses may be summarized on the basis of average costs except for trainees’ air fares and purchase of equipment, vehicles, etc., which will be billed at actual itemized, detailed costs.

IV. Consultations

This Cooperation Program is named the “USAID – MASHAV Cooperation Program in Central Asia”. The term “Cooperation Program” reflects the intended and essential nature of the relationships and arrangements between USAID/CAR and MASHAV for mutual programming and carrying out the Cooperation Program. These are described below. Annual joint USAID/CAR – MASHAV Cooperation Program Planning Consultations to review and select training and technical assistance activities for inclusion in the next U.S. Government (USG) fiscal year’s Cooperation Program Implementation Plan will be finalized on or about January 15 of every year. This time frame is consistent with USAID/CAR’s own formal annual review process (the R4 process). The venue for the consultations will alternate between the USAID/CAR Regional Office in Almaty and the offices of MASHAV in Jerusalem, unless otherwise mutually agreed.

Additional periodic, as well as ad-hoc, consultations between relevant USAID/CAR and MASHAV officials on key programming, financial, administrative, evaluation, etc., aspects of the Cooperation Program are also envisioned. This consultative process is intended to establish to the satisfaction of both Parties mutually determined work as presented in the Cooperation Program Implementation Plan, and to provide for the cooperative monitoring of the implementation of the Cooperation Program. A joint
semi-annual Cooperation Program consultation on the status of Cooperation Program activities will be held by July 15 of every year at the request of either USAID/CAR or MASHAV. This time frame is consistent with USAID/CAR’s formal semi-annual review process (the MIR4 process). Ad-hoc consultations on specific aspects of the Cooperation Program may be proposed by either USAID/CAR or MASHAV at any time.

Potential activities for the Cooperation Program may be proposed by either USAID/CAR, MASHAV, or the host country. USAID/CAR and host country comments and/or clearances will be obtained as appropriate with MASHAV assuming the responsibility for obtaining such clearances. Joint decisions will be made after consideration of pertinent information and the views of all parties.

The Cooperation Program anticipates possible revisions or additions to the initial Cooperation Program Implementation Plan regarding specific allocations of training and technical assistance to and within selected Central Asian countries. Decision on such matters within the Cooperation Program will be made jointly by the Parties to this Agreement. Substantive changes, if any, proposed to the initial Cooperation Program Implementation Plan must be cleared with the relevant USAID/CAR S.O. Team Leader.

The above, as well as any other relevant matters, may be suggested for consideration at the joint consultations.

IV.a. Planning

Initial formal consultations were held between USAID/CAR and Israeli officials to establish priorities and basic programming arrangements for the Cooperation Program for U.S. FY 2001. Potential activities for the Cooperation Program were proposed by both Parties.

These and subsequent discussions produced agreement on the content of the Cooperation Program Implementation Plan of activities planned for the U.S. FY 2001 Cooperation Program. Further and continuing programming consultations may produce agreement by USAID/CAR and MASHAV (as represented by their respective Strategic Objective Team Leader) to make changes, revisions, additions, and amendments to the "Cooperation Program Implementation Plan", provided that in no event will the total financial obligation of USAID/CAR to any Fiscal Year program of activities exceed that herein stated.

IV.b. Strategic Management Decisions

Continuing consultations, as agreed upon, will consider any desirable or necessary changes as well as additional activities needed to ensure full use of all Cooperation Program funds and in-kind contributions and complete the Cooperation Program Implementation Plan. Any substantive changes proposed to be made to the initial Cooperation Program Implementation Plan will be mutually agreed by the relevant USAID/CAR Mission Director or designee and MASHAV representative.
MASHAV will obtain relevant S.O. Team Leader concurrence for proposed short-term in-country technical assistance ("Consultancies"), long-term technical assistance, and in-country ("on the spot") training courses only (2001 - 2005 Cooperation Program). For the U.S. FY 2001 and subsequent year Cooperation Programs, USAID/CAR and MASHAV anticipate reaching agreement on planned allocations of participant training fellowships in Israel pursuant to the annual joint Cooperation Program Planning Consultations (Section IV. above).

USAID/CAR may inform MASHAV of the training and short-term technical assistance requirements in specific Central Asian countries which may be best fulfilled by Israeli expertise.

IV.c. Revisions to Financial Plan

MASHAV may, by written notice (e-mail notification) to the relevant S.O. Team Leader, and USAID/CAR Mission Director or designee, make revisions at their discretion to any activity category of this Cooperation Program Implementation Plan and financial plan not to exceed twenty (20) percent set forth herein for any line item and any such revisions shall not exceed the total amount of USAID/CAR’s contribution according to the present Agreement; provided, that for the U.S. FY 2001 Cooperation Program, no revisions will be made by MASHAV to the total amount of USAID/CAR funds for all activities allocated to each Central Asian country as shown in the Cooperation Program Implementation Plan unless USAID/CAR agrees in writing.

IV.d. Evaluation

An annual evaluations of the Cooperation Program will be jointly planned and may be jointly undertaken. The evaluation will assess the quality and effectiveness of training and technical assistance provided under the Cooperation Program as well as other pertinent matters including but not limited to, procedures of both MASHAV and USAID/CAR for development and administration of the Cooperation Program, and the reception accorded the Cooperation Program by the respective host countries.

Terms of reference and a scope of work for the annual evaluation will be jointly prepared by the respective USAID/CAR Mission Director or designee and MASHAV.

The results and recommendations of the annual evaluation, together with any evaluation-type information USAID or MASHAV may have on the training and technical assistance activities, will be considered by MASHAV and USAID/CAR in the development of subsequent Fiscal Year's Cooperation Program of planned activities. Up to $25,000 of USAID/CAR's contribution to the Financial Plan line item for "Miscellaneous" expenses may be used to hire an external assistance for the purpose of evaluating the Cooperation Program.
V. Administration

V.a. MASHAV

MASHAV will coordinate, implement, and administer all training and technical assistance activities, from identification through execution to completion stages.

Specific initiatives may be proposed by the requesting/cooperating country, MASHAV and USAID/CAR.

As a general principle, MASHAV will formally propose activities for funding under the Cooperation Program only after it has informally determined that the activities are acceptable to the requesting cooperating country and to USAID/CAR (individual participant training fellowships in Israel for the FY 2001 - 2005 program do not require prior USAID/CAR concurrence).

In general, MASHAV's responsibilities in coordination will include notifying USAID/CAR of potential training and technical assistance activities. Except for individual participant training fellowships in Israel, MASHAV will consult with USAID/CAR to obtain concurrence for proposed short-term in-country technical assistance ("Consultancies"), long-term technical assistance, and in-country ("on the spot") training courses only.

The office of MASHAV in Jerusalem will be responsible for administration of MASHAV's responsibilities under the Cooperation Program.

MASHAV will be responsible for procuring all equipment, commodities (vehicles, small equipment, supplies, etc.) required for eligible Cooperation Program activities.

V.b. USAID/CAR

The Mission Director, USAID/CAR, or his/her designee, will ensure that USAID/CAR fulfills its responsibilities under the Cooperation Program.

The Mission Director's designee (hereinafter referred to as "designee") will be the central point of contact and coordination for in-coming and out-going communications regarding the Cooperation Program. The designee will be responsible for assuring that USAID/CAR regional contacts for the Cooperation Program are appropriately involved or consulted on Cooperation Program matters affecting their respective countries as well as S.O. Team Leaders.

Communications between MASHAV and USAID/CAR will be coordinated by the Mission Director's designee. The designee will determine in each instance whether and the manner how USAID/CAR technical offices and country office should be consulted on a specific matter regarding the Cooperation Program and obtain clearances as appropriate. All USAID/CAR regional communications with satellite offices on this Cooperation Program will require clearance of the USAID/CAR Office. All substantive issues concerning a
country activity will be cleared with the respective USAID/CAR Mission Director’s
designee.

VI. Reporting

VI.a. Annual Performance Reports

MASHAV will prepare and submit to the relevant S.O. Team Leader and Mission
Director’s designee the Annual Performance Reports reviewing the last twelve calendar
months no later than January 5 of each year. MASHAV will be responsible for establishing
a reliable performance monitoring system. Mission Director’s designee and MASHAV
representatives will be responsible for identifying approved Performance Indicators from
the approved Mission Performance Monitoring System which the Cooperation Program
will report. This annual report contains two parts:

1. The Narrative Report, which summarizes the impact of activities supported by the
grant (including notable successes, opportunities and difficulties encountered) during
the twelve month period, and

2. The Performance Indicator Report, which reports performance using the verifiable
independent data collected by the Mission Performance Monitoring System. (The
format of both reports will be exchanged between Mission Director’s designee and
MASHAV representatives.)

VI.b. Interim Progress Reports

MASHAV will prepare and submit to the relevant Mission Director’s designee Interim
Progress Reports reviewing the last six calendar months no later than July 5 of each year.
This Interim Progress Report contains one part:

The Narrative Report, which summarizes the impact of activities supported by the grant
(including notable successes, opportunities and difficulties encountered during the six
month period).

VI.c. Quarterly Financial Report

MASHAV shall provide USAID/CAR with quarterly financial reports using Standard
Form 269-102 entitled “Financial Status Report”. The financial report will be itemized by
Central Asian country, strategic objective, and activity and will be in the same format and
content (by budget line item) as indicated in Section II above, Budget/Financial Plan, of
this Agreement. The dates of the report shall be indicated on the document. The report
shall be submitted, within 10 days of the close of the quarterly calendar year (March 31,
June 30, September 30, December 31) to the Controller’s Office, USAID/CAR, Almaty
Kazakhstan.
Any Other Matters

With respect to “training”, to enable USAID/CAR to include the training activity under this Project into its overall reporting system on participant training, MASHAV will use and provide all pertinent information requested in USAID/CAR’s standard form “Training Program Data” for each participant trained, both in Israel and In-Country, during each semi-annual reporting cycle. MASHAV will submit this information directly to USAID/CAR’s participant training contractor who is responsible for maintaining a field-based training data system “TraiNET system.”

VII. Ineligible Countries

Statutory provisions of the Foreign Assistance Act of 1981 as amended, and other legislation which may be enacted or USAID policies which may be issued, may prohibit USAID assistance to be extended to certain countries. USAID will undertake to inform MASHAV in advance of the annual joint USAID/CAR - MASHAV Cooperation Program Planning Consultations of those countries to which USAID assistance is prohibited. USAID may, from time to time, by written notice to MASHAV, add countries to the list or remove countries from the list.

Except as USAID/CAR may otherwise agree to in writing, Cooperation Program activities (training and/or technical assistance) may not be undertaken in countries outside of Israel, Kazakhstan, the Kyrgyz Republic, Tajikistan, Uzbekistan, and Turkmenistan.

The following are restricted countries. Any Cooperation Program activities proposed in these countries has to be approved by the Mission Director.

Afghanistan, Cuba, Iran, Iraq, Laos, Libya, North Korea, People’s Republic of China, and Syria.
Annex 2

STANDARD PROVISIONS

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<td>Source &amp; Origin.</td>
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</table>

Article A. Definitions.

As used in this Annex, "Agreement" means the Grant Agreement to which this Annex is attached, and any amendments to the Grant Agreement. "Cooperating Country" means the country or territory of the Grantee, i.e. Israel. Terms used in this Annex have the same meaning or reference as in the Agreement.

Article B. Implementation Letters.

To assist MASHAV in the implementation of this Agreement, USAID, from time to time, may issue Implementation Letters ("ILs") that will furnish additional information about matters stated in this Agreement. The Parties may also issue jointly agreed-upon ILs to confirm and record their mutual understanding on aspects of the implementation of this Agreement.
Article C. USAID Contribution.

USAID shall expend funds and implement this Agreement only in accordance with the laws and regulations of the United States Government.

Article D. Grantee Contribution.

The Grantee will make available its contribution prior to the Completion Date. Services shall be deemed to be contributed when performed and goods shall be deemed to be contributed when furnished. In addition, the Grantee agrees to provide or cause to be provided all additional funds, services, property and other resources required to complete, on or before the Completion Date, the Activity.

Article E. Other Agencies Assistance.

USAID and the Grantee may obtain the assistance of other public and private agencies in carrying out their respective obligations under this Agreement. The two Parties may agree to accept contributions of property, services, facilities and funds for purposes of this Agreement from other public and private agencies, and may, subject to the mutual prior written agreement of both Parties, the participation of any such third party in carrying out activities under this Agreement.

Article F. Completion Date.

Section F.1. The Completion Date, which is set forth on the Title Page of this Agreement, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that the activity will be completed.

Section F.2. Except as USAID may otherwise agree in writing, USAID will not issue or approve documentation which would authorize disbursement of the Grant for services performed or goods furnished after the Completion Date.

Section F.3. Requests for disbursement, accompanied by necessary supporting documentation prescribed in Implementation Letters, are to be received by USAID no later than nine (9) months following the Completion Date, or such other period to which USAID agrees in writing before or after such period. After such period USAID, at any time or times, may give notice in writing to the Grantee and reduce the amount of the Grant by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Implementation Letters, were not received before the expiration of such period.

Article G. Utilization of Goods and Services.

Any goods and services financed under this Agreement, unless otherwise agreed in writing by USAID, will be devoted to this Agreement until the completion or termination of this Agreement, and thereafter (as well as during any period of suspension of this
Agreement) will be used to further the objectives of this Agreement or as USAID may direct in ILs.

Article H. General Exemptions.

USAID has Bilateral Agreements with every country in Central Asia providing various tax exemptions to USAID assistance. The Grantee will make its best efforts to secure these exemptions, including when importing commodities into such countries or purchasing commodities therein. If the Grantee is unable to get an exemption, it should seek guidance from USAID/CAR.

Article I. Reports and Information, Agreement Books and Records, Audits, and Inspections.

Section I.1. Reports and Information. The Grantee shall furnish USAID accounting records and such other information and reports relating to the Agreement as USAID may reasonably request.

Section I.2. Agreement Books and Records. The Grantee shall maintain accounting books, records, documents and other evidence relating to the Agreement, adequate to show, without limitation, goods and services acquired under the Agreement, agreed-upon cost sharing requirements, the nature and extent of solicitations of prospective suppliers of goods and services acquired, the basis of award of contracts and orders, and the overall progress of the Agreement toward completion ("Agreement books and records"). The Grantee shall maintain Agreement books and records in accordance with generally accepted accounting principles prevailing in the United States, or at the Grantee's option, with approval by USAID, other accounting principles, such as those (1) prescribed by the International Accounting Standards Committee (an affiliate of the International Federation of Accountants) or (2) prevailing in the country of the Grantee. Agreement books and records shall be maintained for at least three years after the date of last disbursement by USAID or for such longer period, if any, required to resolve any litigation, claims or audit findings.

Section I.3. Grantee Audit. If $300,000 or more is expended directly by the Grantee in its fiscal year under the Agreement, the Grantee shall have financial audits made of the expenditures in accordance with the following terms, except as the Parties may otherwise agree in writing:

(a) With USAID approval, the Grantee shall use its Supreme Audit Institution or select an independent auditor in accordance with the "Guidelines for Financial Audits Contracted by Foreign Recipients" issued by the USAID Inspector General ("Guidelines"), and the audits shall be performed in accordance with the "Guidelines", and

(b) The audit shall determine whether the receipt and expenditure of the funds provided under the Agreement are presented in accordance with generally accepted accounting principles agreed to and whether the Grantee has complied with the terms of
the Agreement. Each audit shall be completed no later than nine months after the close of the Grantee's year under audit.

Section I.4. Subrecipient Audits. The Grantee, except as the Parties may otherwise agree in writing, shall submit to USAID, in form and substance satisfactory to USAID, a plan for the audit of the expenditures of "covered" subrecipients, as defined below, that receive funds under this Agreement pursuant to a direct contract or agreement with the Grantee.

(a) A "covered" subrecipient is one who expends $300,000 or more in its fiscal year in "USAID awards" (i.e., as recipients of USAID cost reimbursable contracts, grants or cooperative agreements and as sub-recipients under USAID strategic objective and other grant agreements with foreign governments).

(b) The plan shall describe the methodology to be used by the Grantee to satisfy its audit responsibilities for covered subrecipients. The Grantee may satisfy such audit responsibilities by relying on independent audits of the subrecipients; expanding the scope of the independent financial audit of the Grantee to encompass testing of subrecipients' accounts; or a combination of these procedures.

(c) The plan shall identify the funds made available to covered subrecipients that will be covered by audits conducted in accordance with other audit provisions that would satisfy the Grantee's audit responsibilities. (A nonprofit organization organized in the United States is required to arrange for its own audits. A for-profit contractor organized in the United States that has a direct contract with USAID is audited by the cognizant U.S. Government Agency. A private voluntary organization organized outside the United States with a direct grant from USAID is required to arrange for its own audits. A host-country contractor should be audited by the Grantee's auditing agency.)

(d) The Grantee shall ensure that covered subrecipients under direct contracts or agreements with the Grantee take appropriate and timely corrective actions; consider whether subrecipients' audits necessitate adjustment of its own records; and require each such subrecipient to permit independent auditors to have access to records and financial statements as necessary.

Section I.5. Audit Reports. The Grantee shall furnish or cause to be furnished to USAID an audit report for each audit arranged for by the Grantee in accordance with this Section within 30 days after completion of the audit and no later than nine months after the end of the period under audit.

Section I.6. Other Covered Subrecipients. For "covered" subrecipients who receive funds under the Agreement pursuant to direct contracts or agreements with USAID, USAID will include appropriate audit requirements in such contracts or agreements and will, on behalf of the Grantee, conduct the follow-up activities with regard to the audit reports furnished pursuant to such requirements.
Section I.7. Cost of Audits. Subject to USAID prior approval in writing, costs of audits performed in accordance with the terms of this Section may be charged to USAID's contribution referred to in this Agreement.

Section I.8. Audit by USAID. USAID may, at its discretion, perform the audits required under this Agreement on behalf of the Grantee by utilizing funds under the Agreement or other resources available to USAID for this purpose.

Section I.9. Opportunity to Audit or Inspect. The Grantee shall afford authorized representatives of USAID the opportunity at all reasonable times to audit or inspect activities financed under the Agreement, the utilization of goods and services financed by USAID, and books, records and other documents relating to the Agreement.

Article J. Other Payments.

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

Article K. Information and Marking.

The Grantee will give appropriate publicity to the agreement as a program to which the United States has contributed, identify agreement activity sites, and mark goods financed by USAID, as described in ILs.

Article L. Rate of Exchange.

If funds provided under this Agreement are introduced into Israel by USAID or Israel for purposes of carrying out obligations of USAID hereunder, the Grantee will make such arrangements as may be necessary so that such funds may be converted into local currency at the highest rate of exchange which, at the time the conversion is made, is not unlawful in the country of the Grantee to any person for any purpose. The Grantee shall make its best efforts to do the same when converting funds into local currency in the countries in which it is operating hereunder.

Article M. Procurement of Goods and Services.

Section M.1. Any goods and services financed by USAID under this Agreement may be procured pursuant only to an Implementation Order ("IO") or IL issued by USAID.

Section M.2. Title to goods or other property financed by USAID under this Agreement shall be in the possession of the Grantee and transferred at the end of this Agreement to the governments of the countries in which the Grantee has been operating hereunder, unless otherwise agreed by the Parties in writing.
Article N. Suspension, Termination and Other Remedies.

Section N.1. Entering into Force, Suspension and Termination.

(a) The present Agreement shall enter into force by its signature.

(b) Either Party may terminate or suspend this Agreement in its entirety or in part by giving the other Party thirty (30) days prior written notice.

In addition, USAID may terminate this Agreement in whole or in part, by giving the Grantee thirty (30) days written notice, if (i) the Grantee fails to comply with any provision of this Agreement, (ii) an event occurs that USAID determines makes it improbable that the result or related objective of this Agreement or the assistance program will be attained or that the Grantee will be able to perform its obligations under this Agreement, or (iii) any disbursement or use of funds in the manner herein contemplated would be in violation of the legislation governing USAID, whether now or hereafter in effect.

(c) Except for payment which the Parties are committed to make pursuant to noncancellable commitments entered into with third parties prior to such suspension or termination, suspension or termination of this entire Agreement or part thereof will suspend (for the period of the suspension) or terminate, as applicable, any obligation of the Parties to provide financial or other resources to this Agreement, or to the suspended or terminated portion of this Agreement, as applicable. Any portion of this Agreement which is not suspended or terminated shall remain in full force and effect.

Section N.2. Refunds.

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

(b) If the failure of Grantee to comply with any of its obligations under this Agreement has the result that goods or services financed or supported under this Agreement are not used effectively in accordance with this Agreement, USAID may require the Grantee to refund all or any part of the amount of the disbursements made under this Agreement for or in connection with such goods or services in U.S. Dollars to USAID within sixty (60) days after receipt of a request therefor.

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

(d) Any interest or other earnings on funds disbursed by USAID to the Grantee under this Agreement prior to the authorized use of such funds for this Agreement will be
returned to USAID in U.S. Dollars by the Grantee, unless USAID otherwise agrees in
writing.

Section N.3. Nonwaiver of Remedies. No delay in exercising any right or remedy
accruing to a Party in connection with its financing under this Agreement will be construed
as a waiver of such right or remedy.

Article O. Job Loss, Export Processing Zones and Workers' Rights.

Section O.1. No funds or other support provided hereunder may be used in an
activity reasonably likely to involve the relocation or expansion outside of the United
States of an enterprise located in the United States if non-U.S. production in such
relocation or expansion replaces some or all of the production of, and reduces the number
of employees at, said enterprise in the United States.

Section O.2. No funds or other support provided hereunder may be used in an
activity, the purpose of which is the establishment or development in a foreign country of
any export processing zone or designated area where the labor, environmental, tax, tariff,
and safety laws of the country would not apply, without the prior written approval of
USAID.

Section O.3. No funds or other support provided hereunder may be used in an
activity which contributes to the violation of internationally recognized rights of workers
in the recipient country, including those in any designated zone or area in that country.

Article P. Voluntary Family Planning.

The Parties agree that all USAID funds provided under this Agreement shall be used in
accordance with applicable United States policy and statutory requirements relating to
voluntary family planning projects, and that none of the USAID funds provided under this
Agreement, or goods or services financed by such funds, may be used for:

(1) the performance of abortion as a method of family planning or to motivate or coerce
any person to practice abortions;

(2) the performance of involuntary sterilizations as a method of family planning or to
coerce or provide any financial incentive to any person to undergo sterilizations;

(3) any biomedical research which relates, in whole or in part, to methods of, or the
performance of, abortions or involuntary sterilizations as a method family planning.

(4) USAID will issue implementation letters that more fully describe the requirements of
this section.
Article Q. Prohibition on Assistance to Drug Traffickers.

USAID reserves the right to terminate this Agreement or take other appropriate measures if the Grantee or a key individual of the Grantee is found to have been convicted of a narcotics offense or to have been engaged in drug trafficking as defined in 22 CFR Part 140.

Article R. Assignment of Claims.

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

Article S. Air Travel.

All international air travel and transportation financed by this Agreement shall be done using carriers of the U.S.A. unless they are determined to be unavailable or, subject to the Fly America Act (49 USC 1517), the Parties mutual decision.

Article T. Interest.

Any interest or other earnings on funds provided by USAID to the Grantee under the Agreement will be used in the furtherance of the program, or returned to USAID by the Grantee.

Article U. Additional Representatives.

Each Party hereto may name in writing by Implementation Letter additional representatives who may represent the Party for all matters, including amendments to the program description and the financial plan, except those amendments involving an increase in funding.

Article V. Source & Origin

Procurement of all goods and services must be from the United States or, subject to the limitations of 22 Code of Federal Regulations Section 228.40 (Local Procurement) and treating Israel for these purposes as the “cooperating country”, Israel. For motor vehicles, special rules apply grant funds may not be used to purchase motor vehicles manufactured outside the United States, unless a written waiver by USAID is obtained.
Grant Agreement

Between

the Government of the State of Israel,
acting through the Centre for International Cooperation MASHAV) of the Ministry of Foreign Affairs ("Grantee")

and

the Government of the United States of America,
acting through the United States Agency for International Development - Regional Mission for Central Asia ("USAID/CAR")
1. Activity Title: USAID - MASHAV - Cooperation Program in Central Asia

2. USAID Activity Number: 122-P-00-00-00003-00

3. Purpose: USAID/CAR and MASHAV hereby agree to carry out the Activity described in this Agreement in accordance with (a) the terms of this Agreement and (b) any general agreement between the two governments regarding economic or technical cooperation.

4. USAID Contribution: USAID, pursuant to the Foreign Assistance Act of 1961, as amended, hereby obligates U.S. $900,000 (the "Grant") in U.S. Fiscal Year 2000 funding to be expended as described herein to MASHAV. The total estimated cost of the Agreement is, subject to the availability of funds, $5,000,000 (five million U.S. Dollars).

5. MASHAV Contribution: MASHAV will provide equivalent U.S.$ 190,000.

6. Completion Date: September 30, 2005.

7. This Agreement consists of (a) this Title Page, (b) Annex 1, the Description of the Cooperation Program, and (c) Annex 2, the Standard Provisions.

8. USAID/CAR Address: U.S. Embassy, 97A Furmanov St., Almaty, Kazakhstan 480091.

9. MASHAV Address: Ministry of Foreign Affairs, Jerusalem, 91950.

10. For the Government of the State of Israel, acting through the Centre for International Cooperation (MASHAV) of the Ministry of Foreign Affairs:

   Signature: [signature]
   Name: [name]
   Title: Ambassador Extraordinary and Plenipotentiary
   Date: 28.03.2001

11. For the Government of the United States of America, acting through the United States Agency for International Development - Regional Mission for Central Asia:

   Signature: [signature]
   Name: [name]
   Title: [title]
   Date: [date]
12. ACCOUNTING AND APPROPRIATIONS DATA

12(a) USAID - MASHAV - Cooperation Program in Central Asia
12(b) MAARD Number: 122-0004-1008

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Obligated Amount: $900,000
Ceiling Amount: $5,000,000

Recipient Payment Method:

USAID/CAR Payment Office:
Street Address: USAID/CAR Regional Mission
Attn: Controller
97a Furmanov Street
480091, Almaty
Kazakhstan

Mailing Address:
U.S. Embassy/USAID
Attn: Controller
Department of State
7030 Almaty Place
Washington, D.C. 20521-7030
Annex 1

DESCRIPTION OF THE COOPERATION PROGRAM

Premise

USAID recognizes the value to both the United States and to Israel of collaboration and cooperation between USAID and MASHAV in facilitating the provision of development assistance from Israel to the newly independent states of Central Asia, particularly Kazakhstan, Kyrgyz Republic, and Uzbekistan.

Purpose

This Agreement will build a new Cooperation Program by supporting the identification and delivery of Israeli technical assistance and training which contribute to achievement of results in USAID’s Assistance Strategy for the newly independent states of Central Asia for which Israeli experience, technology, and expertise are particularly valuable. This Cooperation Program will directly contribute to the goal of USAID’s Assistance Strategy of expanding opportunities for citizens of these nations to improve their governance, livelihoods, and quality of life.

Background

The joint Cooperation Program / Central Asian Republic (CDP/CAR) between USAID and MASHAV was designed and formulated within the U.S. strategic goals during U.S. fiscal year (FY) 1993/1994 following the collapse of the former Soviet Union and the emergence of the newly created independent Republics of Central Asia.

The activities formulated and implemented during the Cooperation Program period made a significant impact in the rural/agricultural sector of the Central Asian Republics of Uzbekistan, Kyrgyz Republic, and Kazakhstan through the development of demonstration sites and agribusiness centers. USAID funding for these activities will be phased out by the end of calendar year (2000).

Joint consultations on the history and future of USAID/CAR – MASHAV - Cooperation Programs were conducted throughout fiscal year 2000 to identify areas of mutual collaboration which directly support USAID/CAR’s new assistance strategy, the USAID’s Bureau for Europe and Eurasia’s strategic vision, as well as mutual foreign policy interests. USAID/CAR and Israel agreed on the desirability of expanding Israeli linkages and the flow of Israeli technical assistance and training to Central Asian countries under a USAID – MASHAV - Cooperation Program in Central Asia.

This Cooperation Program will work within the framework of USAID’s new Assistance Strategy for Central Asia to expand opportunities for the citizens of the five new nations to participate in improving their governance, their livelihoods, and their
quality of life through four primary objectives for each country:

- the growth of small-scale enterprise and trade;
- building a more democratic culture;
- better management of water and energy resources; and
- improved access to and delivery of quality primary health care.

Rationale

Israeli expertise and experience will provide significant contributions to achieving development results to the Central Asian countries and multilateral efforts in the areas of primary health care, environmental management demonstrations, small and medium enterprise, and organizational and leadership training.

With close to 1,000,000 former Soviet immigrants having arrived to Israel over the last decade, many MASHAV experts have the comparative advantage of providing technical assistance in the Russian language. In addition, these experts are well versed in the conceptual limitations of the former Soviet health, water, entrepreneurial, and agricultural systems.

This expertise will contribute to achieving results as identified in USAID/CAR’s Assistance Strategy for the Central Asia region. USAID/CAR, through its Offices of Social Transition (OST), Energy and Environmental Initiatives (OEEI), Market Transition (OMT), Democratic Transition (ODT), and Country Offices is committed to cooperating with MASHAV for the strategy period 2001 - 2005. To achieve the primary objectives described above, five sets of specific results have been jointly identified by USAID/CAR S.O. Team Leader and MASHAV representative:

- Strengthening and expanding the role of the primary health care worker;
- Environmental demonstrations in wetland management;
- Biological techniques to drain waterlogged soil;
- Development of small- and medium-sized agri-businesses; and
- Empowering women in community development through increasing skills and knowledge.

Other sets of development results may be identified for future support based on mutual agreement.

Israel possesses substantial technical assistance capabilities, including several international training facilities, research institutions, access to technologies, and a large roster of experts with experience in development projects.

This Cooperation Program will also facilitate increased linkages between Central Asian countries and Israel in the areas identified above, and through the jointly-provided financial resources contributed herein, will directly expand Israeli and host country bilateral cooperation and relationships. Indirectly, the Cooperation Program has the
potential to stimulate further Israel – Europe and Eurasia (E&E) country assistance relationships.

Cooperation Program Operational Outline

This Cooperation Program provides financial support for assistance activities jointly planned by USAID/CAR and MASHAV and implemented by MASHAV for the Central Asian countries of Kazakhstan, Kyrgyz Republic, and Uzbekistan (and possibly Tajikistan and Turkmenistan as mutually agreed). The amount of this support and nature of these activities will be determined through a work-plan (“Cooperation Program Implementation Plan”) of selected training and technical assistance activities (short- and long-term) to be financed with appropriate fiscal year funds as determined. The annual Cooperation Program Implementation Plan will be discussed and agreed upon annually between USAID and MASHAV.

Following joint agreement between the relevant USAID/CAR Strategic Objective (S.O.) Team Leaders and MASHAV on the planned training and technical assistance activities, the Cooperation Program Implementation Plan is finalized including budgets for each activity category and budgets for each specific technical assistance activity. The Cooperation Program Implementation Plan contains two parts. Part I is sub-divided by: Cooperation Program activity categories (e.g., training, consultancies, technical assistance, etc.) and USAID/CAR and MASHAV financial contributions to each activity category. Part II identifies proposed technical assistance activities for each relevant priority geographic area (Fergana Valley, Kyrgyz Republic and Uzbekistan; Atyrau, Kazakhstan; and others as mutually agreed.)

MASHAV is responsible for obtaining necessary host country approvals for specific training and technical assistance activities. USAID/CAR’s concurrence will occur at the time that the: 1) Mission Director approves funding, and 2) S.O. Team Leader approves the Cooperation Program Implementation Plan and/or as discussed in the semi-annual Cooperation Program consultations. All technical and administrative aspects regarding implementation of the training and technical assistance activities are the responsibility of MASHAV. Additional activities to those already specified in this Agreement may be based on requests from Central Asian countries; identified jointly by MASHAV, host country officials, and USAID/CAR; or identified by USAID/CAR.

Substitutions or other revisions may be made to the list of planned training and technical assistance activities in the Cooperation Program Implementation Plan at any time subject to mutual agreement in writing by USAID/CAR Strategic Objective (S.O.) Team Leaders and the relevant MASHAV representative, provided that the total amount of the USAID/CAR contribution does not exceed the amount authorized for the Cooperation Program for that year.

The disbursement of USAID/CAR’s financing contribution will be (a) by providing MASHAV with up to sixty (60) cash, thirty (30) day advances while MASHAV subsequently in quarterly expenditures report will provide USAID/CAR with
documentation regarding the use of those funds (the sections below provide detail on these arrangements), or (b) in any other way mutually agreed upon between MASHAV and USAID/CAR in writing.

I. The Cooperation Program

The USAID – MASHAV Cooperation Program in Central Asia for U.S. FY01 – FY05 implementation includes components of 1) short-term technical assistance (“consultancies”), 2) long-term technical assistance, and 3) training.

Funds for the Cooperation Program are contributed by USAID/CAR and MASHAV to finance Israeli expertise for training both in Israel and In-Country (“on the spot”) as well as project development and related support systems (vehicles, small equipment, supplies, miscellaneous expenses) only. Future allocations for the multi-year project will be determined by progress made. Key components to the Cooperation Program are as follows (though other activities may be identified for future support based on mutual agreement):

**Primary Health Care: Strategic Objective: Increased Access to Quality Primary Health Care in Select Populations**

**Purpose**
Health care and health status in the new independent states of Central Asia have deteriorated substantially since the breakup of the Soviet Union. This deterioration is due in large measure to the continued reliance on Soviet-style health systems that are inefficient and un-responsive to the health needs of the population. In these countries, the quality of healthcare has been compromised by underfunding. Medical personnel are overspecialised and international protocols on diagnostics and treatment for major diseases have not yet been implemented nation-wide. Health promotion and disease prevention services are lacking.

The USAID – MASHAV Cooperation Program in Central Asia will increase access to quality primary health care. Initially, the Cooperation Program will contribute to achieving results under this objective by developing and expanding the clinical, administrative, and leadership roles and enhancing the professional status of the universal nurse (community health nurse) in Uzbekistan. Other activities may be identified for future support based on mutual agreement.

**Background**
In 1999, a USAID-sponsored program review of health activities in Uzbekistan found that on-going health reform efforts have not sufficiently addressed the role of nurses, to date. To achieve the objective, it is necessary to build human capacity within the nursing community by upgrading and expanding their clinical, administrative, decision-making, and leadership functions. As a result, improvements in the quality of health care, education, and counseling at primary health care delivery points will be achieved. MASHAV has articulated their comparative advantage and interest in working in this sphere within Uzbekistan.
MASHAV is well versed in the clinical and conceptual limitations of the former Soviet health system. With the influx of immigrants from the former Soviet Union (FSU) into Israel over the last ten years, the Government of the State of Israel has had to undergo a massive retraining effort to upgrade the knowledge and skills of FSU nurses and doctors. As a result, Israel now has a large cadre of Russian-speaking nurses who practice a modern nursing philosophy that includes expanded clinical and health education competencies and who serve as members of professional health teams.

Since 1993, MASHAV has provided nursing leadership and clinical training and exchange programs for Central Asian nurse professionals. The Government of the State of Israel’s on-going and productive relationship with the Government of Uzbekistan puts MASHAV in a good position to conduct national-level policy advocacy to expand the role and status of the universal nurse.

**Strategic Objective**
During the U.S. fiscal year (FY) 2001 to FY 2005 period, USAID/CAR’s Office of Social Transition (OST) will pursue the long-range goal of healthier Central Asian populations through a single and common Strategic Objective “Increased Access to Quality Primary Health Care in Select Populations.” This strategic objective will be achieved over the next five years if:

1. Select populations are better informed about their personal health care rights and responsibilities;

2. The quality of primary health care is improved including infectious disease and maternal and child health services;

3. Financial resources dedicated to primary health care are better utilized; and

4. A legislative, regulatory and policy framework is established to support health systems development.

The Cooperation Program will contribute to achieving results under these results, particularly 1, 2, and 4 above.

**Cooperation Program Parameters**
The scope of the activities expected is defined by four fundamental parameters: 1) geographic focus, 2) special implementation issues; 3) customer focus; and 4) budget.

**Geographic Focus**
The Mission’s work in Ferghana Oblast reflects the U.S. Government’s commitment to concentrate efforts in Ferghana Valley. It is anticipated that MASHAV will focus its initial technical assistance efforts within Ferghana Oblast, and then roll-out to other locations within Ferghana Valley, and/or other areas as mutually agreed. Work at the national, policy-level will also be required in order to establish and institute relevant policy reform for sustainable development.
Special Implementation Issues
Coordination and collaboration is critical to the success of this activity. MASHAV must demonstrate close working relationships with other USAID/CAR implementing partners that the Mission may designate to achieve the same strategic results. Collaboration is expected with Abt Associates, Inc., which is responsible for implementing the Mission's new flagship health initiative “Central Asia Quality Health Care Project.” In addition, MASHAV should coordinate activities with the World Bank, Japan International Cooperation Agency (JICA), the American International Health Alliance (AIHA), the U.S. Centers for Disease Control and Prevention (CDC), Project HOPE, and other donors / implementing partners working in the nursing sphere.

The impact of gender on health care delivery and choices will be important to MASHAV's success in measuring and achieving results. MASHAV should address gender issues as an integrated part of its activities.

Customer Focus
USAID/CAR considers the ultimate customer of this activity to be the citizens of Ferghana Valley (initially) who are served by the universal nurse. Intermediate customers are the universal nurses and the Government of Uzbekistan.

Budget
Initially, USAID obligates $400,000 from U.S. fiscal year (FY) 2000 funds for this activity. It is anticipated that a total of $2.0 million will be committed through FY 2005 for these activities, subject to the availability of funds.

Environment: Strategic Objective: Improved Management of Critical Natural Resources, Including Energy

Purpose
To contribute to the achievement of this objective, the USAID – MASHAV Cooperation Program will demonstrate good water management practices in the Amu Darya and Syr Darya River basins. Activities supported by this Cooperation Program will contribute to the achievement of the strategic objective in the two key areas of increasing management capacity in the natural resources sector, and in the development of sustainable models for integrated natural resource management. Initially, results will be achieved through training and the development of pilot demonstration projects in the management of wetlands areas, with an emphasis on improving livelihood for citizens; and in using agri-forestry to solve the problems associated with soil salinization of irrigated agriculture. Activities will be conducted in selected, problem areas within the river basins. Other activities may be identified for future support based on mutual agreement.

Background
In the semi-arid areas of Central Asia no resource is more vital than water. During the Soviet era, central planners diverted large amounts of water from the two main rivers feeding the Aral Sea for the development of an extensive irrigation system. This resulted not only in the shrinking of the Aral Sea and all its disastrous results, but several other
problems as well. Two of these include the drying up of thousands of hectares of wetlands associated with the delta regions of the Amu and Syr Darya rivers and a rising water table in some irrigated areas. In the case of the former, the loss of wetlands had a profound effect on both wildlife and the people who derived their livelihoods from delta regions. As to the latter, due to unsound irrigation practices, soils in some areas have become waterlogged, reducing their productivity and the quality of life of citizens living in their vicinity.

As part of the development of its strategic plan, USAID identified improvement in the management of natural resources as one of its main goals. MASHAV will prove to be an excellent partner to USAID in the achievement of the results of this strategic objective. Israel is recognized worldwide as leaders in water management in semi-arid areas. They also bring several years of experience working in the CAR region on agricultural technology, demonstration projects and training. This experience and expertise will support the USAID emphasis on training as a means of increasing the capacity of natural resource managers. One of the components of the USAID training program will be demonstration pilot projects that support and reinforce themes presented in courses. MASHAV will implement such projects to demonstrate principles and practices that will add to the quality of life of the people of Central Asia, plus contribute to the protection of vital natural resources.

Wetlands are one of those vital resources and there are several such areas in Central Asia. Through cooperative assessments with USAID/CAR and MASHAV it has been determined that the wetland demonstration for this project should take place in the delta region on the Eastern Shore of the Aral Sea where the Syr Darya River ends. The delta is an environmentally important wetland area that supports the biodiversity of the nation. There is also a substantial population of approximately 100,000, many of whom have been impoverished by the Aral Sea disaster. Other donors with activities in the area include UNDP and World Bank. This MASHAV activity would work closely with and support these and other donor projects.

**Strategic Objective**

During the U.S. fiscal year (FY) 2001 to FY 2005 period, USAID/CAR, through its Office of Energy and Environmental Initiatives (OEEI), is committed to achieve results towards the strategic objective, “Improved Management of Critical Natural Resources, Including Energy”. Four intermediate results are necessary to achieve this objective:

1. Increased management capacity in the natural resources sector;

2. Improved policy and regulatory framework for natural resources management;

3. Sustainable models developed for integrated natural resources management; and

4. Public commitment established for natural resources management policies.
The Cooperation Program will contribute to achieving these results, particularly numbers 1, 3, and 4 above.

**Cooperation Program Parameters**
The scope of the activities is defined by four parameters: 1) geographic focus, 2) special implementation issues; 3) customer focus; and 4) budget.

**Geographic Focus**
The initial activities under this objective will be focused on two areas of strategic importance: the Syr Darya basin near the Aral Sea in Kazakhstan and the Amu Darya basin in the Ferghana Valley.

**Special Implementation Issues**
In the Aral Sea region, MASHAV staff must develop the activities in close cooperation with the many other organizations working in the same area. These include the World Bank and the UNDP. Also, as this is a difficult area to work in, physically, socially and economically, it is of critical importance to establish good relations with local government officials in order to garner as much support as possible.

**Customer Focus**
USAID/CAR considers the ultimate customers of this activity to be the citizens in and around the wetland and other project areas that derive economic and environmental benefits from the improved management of water resources of the area.

**Budget**
Initially, USAID obligates $300,000 from U.S. fiscal year (FY) 2000 funds for this activity. It is anticipated that a total of $1.5 million will be committed through FY 2005 for these activities, subject to the availability of funds.

**Enterprise: Strategic Objective: Improved Environment for the Growth of Small-Medium Enterprises**

**Purpose**
The USAID - MASHAV Cooperation Program will build on an earlier MASHAV program to concentrate specific technical assistance and training for the development of small and medium rural agribusiness enterprises. The Cooperation Program will support the USAID strategic objective, “Improved Environment for the Development of Private Enterprises”. The result of activities under this strategic objective will be to increase opportunities for entrepreneurs through acquiring business information, knowledge, and skills. The Cooperation Program will be built on the work that MASHAV has done in CAR through the Cooperation Program (CDP) and will include training in agribusiness planning, finance and management. In the first instance, activities will be concentrated in Uzbekistan and Kyrgyz Republic through existing business consulting centers, and in Atyrau, Kazakhstan to assist farmers in the production of fresh produce for the growing demand from the oil and gas industry in that region. Other activities may be identified for future support based on mutual agreement.
Background
USAID/CAR’s strategic objective is to improve the environment for the growth of small-and medium-sized enterprises (SMEs). A main component of the strategy is to provide direct technical assistance to either existing or start-up SMEs. Activities to be financed by this grant fit into this strategy. The majority of MASHAV’s work is direct consulting and training with individuals or groups of agribusiness entrepreneurs. This technical assistance will cover such areas as planning, accounting, tax strategy, technology investment, marketing, credit strategies, etc.

Agriculture plays an important social and economic role throughout Central Asia. Thus, a program focused on the unique needs of farmers and agricultural businessmen is justified. The Cooperation Program will be implemented in Kazakhstan, Uzbekistan and Kyrgyz Republic and tailored to the needs of agribusiness in each country. This is necessary as the level of privatization and macro-economic policies differ for each nation. The training and consulting activities associated with the project will occur in consulting centers located in the respective countries, with specialized training courses to take place either locally or in Israel.

MASHAV is well suited to implement the activities outlined in the grant due to their experience in the region, their long association with USAID, and the access they have to the necessary technical expertise. Through the CDP program, MASHAV has been working in each of these countries for several years on the development of model farms or establishing agribusiness consulting centers. MASHAV is also well known throughout the region by agricultural and development officials familiar with the “grassroots” assistance programs they have provided. MASHAV is recognized as being a world leader in water conservation and greenhouse technology for the production of fresh produce in arid regions. This activity builds on those prior experiences in order to provide continued meaningful assistance to agricultural SMEs.

Strategic Objective
The activities covered in this Cooperation Program contribute to the USAID/CAR Mission’s strategic objective “Improved Environment for the Growth of Small and Medium Sized Enterprises”. It is expected that this objective will be achieved if there are:

1. Increased opportunities to acquire business information, knowledge, and skills;

2. More responsive financial institutions, instruments, and markets; and

3. Increased implementation of laws and regulations.

The Cooperation Program will contribute to achieving these results, particularly 1 above.

Cooperation Program Parameters
The scope of the activities is defined by four parameters: 1) geographic focus, 2) special
implementation issues, 3) customer focus, and 4) budget.

Geographic Focus
Activities will reach into three areas of strategic importance to USAID/CAR. These include the Atyrau region in Kazakhstan, the Osh region of Kyrgyz Republic, and the Ferghan Valley.

Special Implementation Issues
In Uzbekistan and Kyrgyz Republic MASHAV will provide training through the continued use of consulting centers closely linked to the demonstration farms established during the CDP. It is necessary to establish close ties with the Ministries of Agriculture for these to be successful as well as with other training programs funded by the USAID/CAR mission.

In the Atyrau region of Kazakhstan, MASHAV will develop activities in close cooperation with several other organizations. These include the USAID regional office, the government agency sponsoring the loan fund aimed at agricultural business development, the Tengiz Chevron Oil (TCO) fund, and the UNDP business development center.

Customer Focus
USAID/CAR considers the ultimate customers of this activity to be the existing or potential SME entrepreneurs who participate in the training or individual consulting programs. Secondary customers are citizens and governments that benefit from more economic activity resulting in a broader tax base and increased opportunities for employment.

Budget
Initially, USAID obligates $200,000 from U.S. fiscal year (FY) 2000 funds for this activity. It is anticipated that a total of $1.0 million will be committed through FY 2005 for these activities, subject to the availability of funds.

Democratization: Strategic Objective: Strengthened Democratic Culture Among Citizens and Target Institutions

Purpose
To enhance the knowledge, competence, and skills of Central Asian citizens, particularly women, thereby increasing their involvement and contribution to democratic governance, social and community livelihoods and quality of life.

Background
Reducing gender bias is important in Central Asia where centuries of Asian and Islamic tradition still hold sway. As USAID focuses its strategy on citizens, greater attention is paid to the inequitable opportunities for men and women to earn income, participate in civil society, protect their health and deal with the consequences of energy and environmental management. To date, women in Central Asia have benefited significantly from programs such as micro-credit and organizational development. In fact, women have taken the lead in the development of NGOs as an alternative outlet for civic interest in
societal development. However, deficient awareness and knowledge of the law, particularly legal rights, often constrain women’s full participation in society. Increasing domestic violence and sexual discrimination at the workplace, due to other societal illnesses (e.g., drug and alcohol abuse, unemployment, etc.) widen hurdles both men and women must overcome. Furthermore, the sharp decline in the post-communist era of female political participation in the region poses considerable challenges for equitable political representation and opportunities for women’s leadership. These and other obstacles facing women, and in some instances men, impede progress towards democratic reforms and indispensable equitable gender participation therein.

In an effort to provide men and women the essential skills to effectively participate in and contribute to community livelihoods and improved quality of life, USAID/CAR will institute a training exchange program with The Golda Meir Mount Carmel International Training Center, located in Haifa. This Center fosters cooperation with newly emerging states through training courses, study workshops and seminars intended mainly for women. Where appropriate, male participants will also be identified. An underlying philosophy stresses the importance of grassroots development and the recognition of women’s contribution to their countries’ development. Specifically, the Center has experience implementing courses such as: Women Development and Public Policy, Entrepreneurship and Gender, Women’s Leadership, and Socio-Economic Development and Gender Issues. Other activities may be identified for future support based on mutual agreement.

Strategic Objective
USAID’s Assistance Strategy incorporates the crosscutting objective “Addressing Gender Issues”. This crosscutting objective is therefore strongly linked to all strategic objectives in USAID’s Assistance Strategy. All MASHAV activities in Central Asia will demonstrate gender-related results as agreed to by both parties during annual joint Cooperation Program Planning Consultations (Section IV. below).

Cooperation Program Parameters
Cooperation Program parameters for gender organizational and leadership training have yet to be defined by USAID. USAID will define the parameters, geographic focus, special implementation issues, and customer focus in the near future.

Budget
Because the activity awaits further definition, USAID does not obligate any FY 2000 funds for this activity at this time. It is anticipated that at least $100,000 will be available through FY 2005 for these activities, subject to the availability of funds.

I.a. Training

Training will be available to persons in the private and/or public sectors who have been identified as possessing the potential to significantly benefit from the training and contribute positively as a result of learning and skills acquired from the training to the achievement of short- or long-term country development objectives.
Selection of trainees will be the responsibility of MASHAV. USAID/CAR may propose candidates and courses/subjects for training administered by MASHAV. Proposed training will be reviewed and jointly concurred with by USAID/CAR and MASHAV in the determination of the Cooperation Program Implementation Plan.

Training administration will be the responsibility of MASHAV.

I.a.i. Training in Israel

Training courses or workshops in Israel will focus on the following areas:

- Agro-enterprise
- Nursing and primary health care
- Water management
- Small- and medium-sized business development
- Community development
- Leadership
- Women in Development

Individual training and “tailor made” training programs may also be developed by MASHAV.

Training will be provided through short-term courses, generally of twenty (20) to thirty (30) calendar days duration, at MASHAV-affiliated institutions in Israel. Workshops of ten (10) to fourteen (14) calendar days duration will also be available.

Individual training may also be provided in “tailor made” programs in scientific fields or as a supplement for purposes of specialization for graduates of a regularly scheduled course.

I.a.ii. In-Country Training

In selected Central Asian countries (as agreed upon by both USAID/CAR and MASHAV), MASHAV will conduct “on the spot” courses of ten (10) to eighteen (18) calendar days duration in cooperation with the host country government or an appropriate local institution.

I.b. Short-Term In-Country Assistance (“Consultancies”)

Short-term technical assistance may involve some or all of the following: conducting studies, providing discrete and limited advisory services, and/or preparing a project for implementation, or other general consultancies on development projects or issues.

I.c. Long-Term In-Country Technical Assistance

Long-term technical assistance may involve advisory technical, administrative,
organizational as well as other expert services to assist in the design, implementation, management, general assessment and evaluation of development activities in areas such as:

- Agro-enterprise
- Nursing and primary health care
- Water management
- Small- and medium-sized business development
- Community development
- Leadership
- Women in Development

Technical assistance activities proposed for the Cooperation Program will be contained in the Cooperation Program Implementation Plan to be finalized and agreed upon between USAID and MASHAV.

I. Equipment, Vehicles, Miscellaneous

This category includes various items of small equipment, vehicles, operation/maintenance, etc., particularly in support of long-term technical assistance. Up to $25,000 of funds contributed by USAID/CAR and reserved for this category in the Cooperation Program Implementation Plan may be used for evaluation of the Cooperation Program by an external professional.

II. Budget/Financial Plan

The Cooperation Program provides for a USAID/CAR contribution to the USAID-MASHAV Cooperation Program in Central Asia to support training and technical assistance to Central Asian countries to be implemented by MASHAV. MASHAV’s contribution to the Cooperation Program activities is in the form of in-kind products and services, and/or cash. Air-fares and support for technical assistance will be funded by USAID/CAR and MASHAV contributions.

MASHAV, at its discretion, may allocate Cooperation Program funds for eligible activities on a periodic or multi-year basis according to needs of individual activities in the specific period (“incremental funding”). However, the total financial obligation of USAID/CAR to the Cooperation Program for any fiscal year’s approved “Cooperation Program Implementation Plan” shall not exceed the amount of the USAID/CAR contribution obligated herein. MASHAV assumes responsibility for providing any further amounts of funding, beyond the total amount of USAID/CAR’s contribution according to the present Agreement, required to complete any activity or group of activities funded incrementally should USAID/CAR funds for any reason be insufficient or cease to be available for the Cooperation Program in this or future fiscal years. Before final disbursement of funds is made, the grantee will have met their contribution requirement as noted in the title page. The below budget (per line item) may be adjusted and revised with the approval of the relevant S.O. Team Leader and MASHAV. However, budget revisions which increase or decrease the level of contribution by either party must be approved by the Mission Director or USAID/CAR Grant Officer.
Unless the Parties mutually agreed, in writing, upon a different way of disbursing USAID's financial contribution to the Cooperation Program, the disbursement of this financial contribution will be made as follows:

1. Advance Number One. After the Agreement has been signed and the relevant S.O. Team Leader has approved the Cooperation Program Implementation Plan, the Government of the State of Israel (through its agent, MASHAV) may request an advance of funds in U.S. Dollars. The amount would be to cover expenses for training and technical assistance to Central Asian countries provided by MASHAV, which are eligible activities under the Cooperation Program Implementation Plan; and, anticipated Cooperation Program expenses for eligible training and technical assistance activities for the first 30 calendar days of the Agreement.

2. Subsequent Advances. Subsequent advances shall be for estimated cash requirements for periods not exceeding thirty (30) days. The relevant USAID/CAR S.O. Team Leader shall administratively review and approve written requests for advances payment of funds and deliver to Controller’s Office, USAID/CAR, Almaty, Kazakhstan, for processing within 5 business days of receipt.

3. MASHAV shall provide USAID/CAR Controller Office with appropriate information about its commercial banking arrangements to allow electronic transfer of funds from USAID to MASHAV's account.

Financial Plan by Strategic Objective Category ($USD)

The following budgets reflect the planned USAID's and MASHAV's contribution for the period ending September 30, 2001.

<table>
<thead>
<tr>
<th>Activity</th>
<th>USAID/CAR</th>
<th>MASHAV</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training in Israel</td>
<td>270,000</td>
<td></td>
<td>270,000</td>
</tr>
<tr>
<td>In-Country Training</td>
<td>20,000</td>
<td>20,000</td>
<td>40,000</td>
</tr>
<tr>
<td>Short- and Long-Term Technical Assistance</td>
<td>30,000</td>
<td>20,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Equipment, Vehicles, Evaluation, Misc.</td>
<td>80,000</td>
<td></td>
<td>80,000</td>
</tr>
<tr>
<td>(The amount includes flight tickets)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Totals:</td>
<td>400,000</td>
<td>40,000</td>
<td>440,000</td>
</tr>
</tbody>
</table>
**S.O. 2.1: Strengthened Democratic Culture Among Citizens and Target Institutions.**

<table>
<thead>
<tr>
<th>Activity</th>
<th>USAID/CAR</th>
<th>MASHAV</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training in Israel</td>
<td>64,000</td>
<td></td>
<td>64,000</td>
</tr>
<tr>
<td>In-Country Training</td>
<td>36,000</td>
<td></td>
<td>36,000</td>
</tr>
<tr>
<td>Short- and Long-Term Technical Assistance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment, Vehicles, Evaluation, Misc.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Totals:</strong></td>
<td>100,000</td>
<td>100,000</td>
<td>100,000</td>
</tr>
</tbody>
</table>

**S.O. 1.6: Improved Management of Critical Natural Resources, Including Energy.**

<table>
<thead>
<tr>
<th>Activity</th>
<th>USAID/CAR</th>
<th>MASHAV</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training in Israel</td>
<td>35,000</td>
<td>20,000</td>
<td>55,000</td>
</tr>
<tr>
<td>In-Country Training</td>
<td>35,000</td>
<td>15,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Short- and Long-Term Technical Assistance</td>
<td>60,000</td>
<td>40,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Equipment, Vehicles, Evaluation, Misc.</td>
<td>170,000</td>
<td>75,000</td>
<td>245,000</td>
</tr>
<tr>
<td><strong>Totals:</strong></td>
<td>300,000</td>
<td>150,000</td>
<td>450,000</td>
</tr>
</tbody>
</table>

**S.O. 1.3: Improved Environment for the Growth of Small-Medium Enterprises**

**KAZAKHSTAN**

<table>
<thead>
<tr>
<th>Activity</th>
<th>USAID/CAR</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training in Israel</td>
<td>20,000</td>
<td>20,000</td>
</tr>
<tr>
<td>In-Country Training</td>
<td>15,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Short- and Long-Term Technical Assistance</td>
<td>15,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Equipment, Vehicles, Evaluation, Misc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Totals:</strong></td>
<td><strong>50,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

**KYRGYZSTAN**

<table>
<thead>
<tr>
<th>Activity</th>
<th>USAID/CAR</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training in Israel</td>
<td>30,000</td>
<td>30,000</td>
</tr>
<tr>
<td>In-Country Training</td>
<td>30,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Short- and Long-Term Technical Assistance</td>
<td>40,000</td>
<td>40,000</td>
</tr>
<tr>
<td>Equipment, Vehicles, Evaluation, Misc.</td>
<td></td>
<td>100,000</td>
</tr>
<tr>
<td><strong>Totals:</strong></td>
<td><strong>100,000</strong></td>
<td></td>
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</tbody>
</table>

**UZBEKISTAN**

<table>
<thead>
<tr>
<th>Activity</th>
<th>USAID/CAR</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training in Israel</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td>In-Country Training</td>
<td>15,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Short- and Long-Term Technical Assistance</td>
<td>15,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Equipment, Vehicles, Evaluation, Misc.</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td><strong>Totals:</strong></td>
<td><strong>50,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Total Cooperation Program Budget $1,190,000**

III. Disbursement: Financial Procedures

III.a. Disbursement Procedures

USAID/CAR's contribution to the Cooperation Program will be liquidated in up to sixty (60) tranches. A first tranche will be liquidated to MASHAV following the approval
and signing of the Cooperation Program Implementation Plan by the relevant S.O. Team Leader. Additional tranches may be requested and will be liquidated as needed for no more than a thirty (30) day advance period.

Disbursement of funds by USAID/CAR to MASHAV will be made based on the submission of a “Request for Advance” form (SF-270) to the USAID/CAR Controller, Almaty, Kazakhstan. Funds requested for the first disbursement shall be for the initial cash needs for up to thirty (30) days. Subsequent requests shall be for estimated cash requirements for periods not exceeding thirty (30) days. The relevant USAID/CAR Strategic Objective Team Leaders shall administratively approve the request and deliver it to USAID/CAR Controller’s Office, Almaty, Kazakhstan, for immediate processing. MASHAV shall complete Section 10 of the request to include its commercial banking information so funds may be transferred electronically.

III.b. Financial Reporting

MASHAV will provide USAID/CAR with a detailed quarterly financial report, (See Section VI. below), developed by mutual agreement between USAID/CAR and MASHAV.

The Financial reports presented by MASHAV for Cooperation Program Costs to account for USAID/CAR's contribution must reflect actual expenses incurred during the period. However, for reporting by activity category, expenses may be summarized on the basis of average costs except for trainees' air fares and purchase of equipment, vehicles, etc., which will be billed at actual itemized, detailed costs.

IV. Consultations

This Cooperation Program is named the “USAID – MASHAV Cooperation Program in Central Asia”. The term “Cooperation Program” reflects the intended and essential nature of the relationships and arrangements between USAID/CAR and MASHAV for mutual programming and carrying out the Cooperation Program. These are described below. Annual joint USAID/CAR – MASHAV Cooperation Program Planning Consultations to review and select training and technical assistance activities for inclusion in the next U.S. Government (USG) fiscal year’s Cooperation Program Implementation Plan will be finalized on or about January 15 of every year. This time frame is consistent with USAID/CAR’s own formal annual review process (the R4 process). The venue for the consultations will alternate between the USAID/CAR Regional Office in Almaty and the offices of MASHAV in Jerusalem, unless otherwise mutually agreed.

Additional periodic, as well as ad-hoc, consultations between relevant USAID/CAR and MASHAV officials on key programming, financial, administrative, evaluation, etc., aspects of the Cooperation Program are also envisioned. This consultative process is intended to establish to the satisfaction of both Parties mutually determined work as presented in the Cooperation Program Implementation Plan, and to provide for the cooperative monitoring of the implementation of the Cooperation Program. A joint
semi-annual Cooperation Program consultation on the status of Cooperation Program activities will be held by July 15 of every year at the request of either USAID/CAR or MASHAV. This timeframe is consistent with USAID/CAR’s formal semi-annual review process (the MIR4 process). Ad-hoc consultations on specific aspects of the Cooperation Program may be proposed by either USAID/CAR or MASHAV at any time.

Potential activities for the Cooperation Program may be proposed by either USAID/CAR, MASHAV, or the host country. USAID/CAR and host country comments and/or clearances will be obtained as appropriate with MASHAV assuming the responsibility for obtaining such clearances. Joint decisions will be made after consideration of pertinent information and the views of all parties.

The Cooperation Program anticipates possible revisions or additions to the initial Cooperation Program Implementation Plan regarding specific allocations of training and technical assistance to and within selected Central Asian countries. Decision on such matters within the Cooperation Program will be made jointly by the Parties to this Agreement. Substantive changes, if any, proposed to the initial Cooperation Program Implementation Plan must be cleared with the relevant USAID/CAR S.O. Team Leader.

The above, as well as any other relevant matters, may be suggested for consideration at the joint consultations.

IV.a. Planning

Initial formal consultations were held between USAID/CAR and Israeli officials to establish priorities and basic programming arrangements for the Cooperation Program for U.S. FY 2001. Potential activities for the Cooperation Program were proposed by both Parties.

These and subsequent discussions produced agreement on the content of the Cooperation Program Implementation Plan of activities planned for the U.S. FY 2001 Cooperation Program. Further and continuing programming consultations may produce agreement by USAID/CAR and MASHAV (as represented by their respective Strategic Objective Team Leader) to make changes, revisions, additions, and amendments to the "Cooperation Program Implementation Plan", provided that in no event will the total financial obligation of USAID/CAR to any Fiscal Year program of activities exceed that herein stated.

IV.b. Strategic Management Decisions

Continuing consultations, as agreed upon, will consider any desirable or necessary changes as well as additional activities needed to ensure full use of all Cooperation Program funds and in-kind contributions and complete the Cooperation Program Implementation Plan. Any substantive changes proposed to be made to the initial Cooperation Program Implementation Plan will be mutually agreed by the relevant USAID/CAR Mission Director or designee and MASHAV representative.
MASHAV will obtain relevant S.O. Team Leader concurrence for proposed short-term in-country technical assistance ("Consultancies"), long-term technical assistance, and in-country ("on the spot") training courses only (2001 - 2005 Cooperation Program). For the U.S. FY 2001 and subsequent year Cooperation Programs, USAID/CAR and MASHAV anticipate reaching agreement on planned allocations of participant training fellowships in Israel pursuant to the annual joint Cooperation Program Planning Consultations (Section IV. above).

USAID/CAR may inform MASHAV of the training and short-term technical assistance requirements in specific Central Asian countries which may be best fulfilled by Israeli expertise.

IV.c. Revisions to Financial Plan

MASHAV may, by written notice (e-mail notification) to the relevant S.O. Team Leader, and USAID/CAR Mission Director or designee, make revisions at their discretion to any activity category of this Cooperation Program Implementation Plan and financial plan not to exceed twenty (20) percent set forth herein for any line item and any such revisions shall not exceed the total amount of USAID/CAR’s contribution according to the present Agreement; provided, that for the U.S. FY 2001 Cooperation Program, no revisions will be made by MASHAV to the total amount of USAID/CAR funds for all activities allocated to each Central Asian country as shown in the Cooperation Program Implementation Plan unless USAID/CAR agrees in writing.

IV.d. Evaluation

An annual evaluations of the Cooperation Program will be jointly planned and may be jointly undertaken. The evaluation will assess the quality and effectiveness of training and technical assistance provided under the Cooperation Program as well as other pertinent matters including but not limited to, procedures of both MASHAV and USAID/CAR for development and administration of the Cooperation Program, and the reception accorded the Cooperation Program by the respective host countries.

Terms of reference and a scope of work for the annual evaluation will be jointly prepared by the respective USAID/CAR Mission Director or designee and MASHAV.

The results and recommendations of the annual evaluation, together with any evaluation-type information USAID or MASHAV may have on the training and technical assistance activities, will be considered by MASHAV and USAID/CAR in the development of subsequent Fiscal Year’s Cooperation Program of planned activities. Up to $25,000 of USAID/CAR’s contribution to the Financial Plan line item for "Miscellaneous" expenses may be used to hire an external assistance for the purpose of evaluating the Cooperation Program.
V. Administration

V.a. MASHAV

MASHAV will coordinate, implement, and administer all training and technical assistance activities, from identification through execution to completion stages.

Specific initiatives may be proposed by the requesting/cooperating country, MASHAV and USAID/CAR.

As a general principle, MASHAV will formally propose activities for funding under the Cooperation Program only after it has informally determined that the activities are acceptable to the requesting cooperating country and to USAID/CAR (individual participant training fellowships in Israel for the FY 2001 - 2005 program do not require prior USAID/CAR concurrence).

In general, MASHAV’s responsibilities in coordination will include notifying USAID/CAR of potential training and technical assistance activities. Except for individual participant training fellowships in Israel, MASHAV will consult with USAID/CAR to obtain concurrence for proposed short-term in-country technical assistance ("Consultancies"), long-term technical assistance, and in-country ("on the spot") training courses only.

The office of MASHAV in Jerusalem will be responsible for administration of MASHAV’s responsibilities under the Cooperation Program.

MASHAV will be responsible for procuring all equipment, commodities (vehicles, small equipment, supplies, etc.) required for eligible Cooperation Program activities.

V.b. USAID/CAR

The Mission Director, USAID/CAR, or his/her designee, will ensure that USAID/CAR fulfills its responsibilities under the Cooperation Program.

The Mission Director’s designee (hereinafter referred to as “designee”) will be the central point of contact and coordination for in-coming and out-going communications regarding the Cooperation Program. The designee will be responsible for assuring that USAID/CAR regional contacts for the Cooperation Program are appropriately involved or consulted on Cooperation Program matters affecting their respective countries as well as S.O. Team Leaders.

Communications between MASHAV and USAID/CAR will be coordinated by the Mission Director’s designee. The designee will determine in each instance whether and the manner how USAID/CAR technical offices and country office should be consulted on a specific matter regarding the Cooperation Program and obtain clearances as appropriate. All USAID/CAR regional communications with satellite offices on this Cooperation Program will require clearance of the USAID/CAR Office. All substantive issues concerning a
country activity will be cleared with the respective USAID/CAR Mission Director’s designee.

VI. Reporting

VI.a. Annual Performance Reports

MASHAV will prepare and submit to the relevant S.O. Team Leader and Mission Director’s designee the Annual Performance Reports reviewing the last twelve calendar months no later than January 5 of each year. MASHAV will be responsible for establishing a reliable performance monitoring system. Mission Director’s designee and MASHAV representatives will be responsible for identifying approved Performance Indicators from the approved Mission Performance Monitoring System which the Cooperation Program will report. This annual report contains two parts:

1. The Narrative Report, which summarizes the impact of activities supported by the grant (including notable successes, opportunities and difficulties encountered) during the twelve month period, and

2. The Performance Indicator Report, which reports performance using the verifiable independent data collected by the Mission Performance Monitoring System. (The format of both reports will be exchanged between Mission Director’s designee and MASHAV representatives.)

VI.b. Interim Progress Reports

MASHAV will prepare and submit to the relevant Mission Director’s designee Interim Progress Reports reviewing the last six calendar months no later than July 5 of each year. This Interim Progress Report contains one part:

The Narrative Report, which summarizes the impact of activities supported by the grant (including notable successes, opportunities and difficulties encountered during the six month period).

VI.c. Quarterly Financial Report

MASHAV shall provide USAID/CAR with quarterly financial reports using Standard Form 269-102 entitled “Financial Status Report”. The financial report will be itemized by Central Asian country, strategic objective, and activity and will be in the same format and content (by budget line item) as indicated in Section II above, Budget/Financial Plan, of this Agreement. The dates of the report shall be indicated on the document. The report shall be submitted, within 10 days of the close of the quarterly calendar year (March 31, June 30, September 30, December 31) to the Controller’s Office, USAID/CAR, Almaty Kazakhstan.
Any Other Matters

With respect to "training", to enable USAID/CAR to include the training activity under this Project into its overall reporting system on participant training, MASHAV will use and provide all pertinent information requested in USAID/CAR's standard form "Training Program Data" for each participant trained, both in Israel and In-Country, during each semi-annual reporting cycle. MASHAV will submit this information directly to USAID/CAR's participant training contractor who is responsible for maintaining a field-based training data system "TraiNETsystem."

VII. Ineligible Countries

Statutory provisions of the Foreign Assistance Act of 1981 as amended, and other legislation which may be enacted or USAID policies which may be issued, may prohibit USAID assistance to be extended to certain countries. USAID will undertake to inform MASHAV in advance of the annual joint USAID/CAR - MASHAV Cooperation Program Planning Consultations of those countries to which USAID assistance is prohibited. USAID may, from time to time, by written notice to MASHAV, add countries to the list or remove countries from the list.

Except as USAID/CAR may otherwise agree to in writing, Cooperation Program activities (training and/or technical assistance) may not be undertaken in countries outside of Israel, Kazakhstan, the Kyrgyz Republic, Tajikistan, Uzbekistan, and Turkmenistan.

The following are restricted countries. Any Cooperation Program activities proposed in these countries has to be approved by the Mission Director.

Afghanistan, Cuba, Iran, Iraq, Laos, Libya, North Korea, People's Republic of China, and Syria.
Annex 2

STANDARD PROVISIONS

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Article A. Definitions.

As used in this Annex, "Agreement" means the Grant Agreement to which this Annex is attached, and any amendments to the Grant Agreement. "Cooperating Country" means the country or territory of the Grantee, i.e. Israel. Terms used in this Annex have the same meaning or reference as in the Agreement.

Article B. Implementation Letters.

To assist MASHAV in the implementation of this Agreement, USAID, from time to time, may issue Implementation Letters ("ILs") that will furnish additional information about matters stated in this Agreement. The Parties may also issue jointly agreed-upon ILs to confirm and record their mutual understanding on aspects of the implementation of this Agreement.
Article C. USAID Contribution.

USAID shall expend funds and implement this Agreement only in accordance with the laws and regulations of the United States Government.

Article D. Grantee Contribution.

The Grantee will make available its contribution prior to the Completion Date. Services shall be deemed to be contributed when performed and goods shall be deemed to be contributed when furnished. In addition, the Grantee agrees to provide or cause to be provided all additional funds, services, property and other resources required to complete, on or before the Completion Date, the Activity.

Article E. Other Agencies Assistance.

USAID and the Grantee may obtain the assistance of other public and private agencies in carrying out their respective obligations under this Agreement. The two Parties may agree to accept contributions of property, services, facilities and funds for purposes of this Agreement from other public and private agencies, and may, subject to the mutual prior written agreement of both Parties, the participation of any such third party in carrying out activities under this Agreement.

Article F. Completion Date.

Section F.1. The Completion Date, which is set forth on the Title Page of this Agreement, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that the activity will be completed.

Section F.2. Except as USAID may otherwise agree in writing, USAID will not issue or approve documentation which would authorize disbursement of the Grant for services performed or goods furnished after the Completion Date.

Section F.3. Requests for disbursement, accompanied by necessary supporting documentation prescribed in Implementation Letters, are to be received by USAID no later than nine (9) months following the Completion Date, or such other period to which USAID agrees in writing before or after such period. After such period USAID, at any time or times, may give notice in writing to the Grantee and reduce the amount of the Grant by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Implementation Letters, were not received before the expiration of such period.

Article G. Utilization of Goods and Services.

Any goods and services financed under this Agreement, unless otherwise agreed in writing by USAID, will be devoted to this Agreement until the completion or termination of this Agreement, and thereafter (as well as during any period of suspension of this
agreement) will be used to further the objectives of this Agreement or as USAID may direct in ILs.

article H. General Exemptions.

USAID has Bilateral Agreements with every country in Central Asia providing various tax exemptions to USAID assistance. The Grantee will make its best efforts to secure these exemptions, including when importing commodities into such countries or purchasing commodities therein. If the Grantee is unable to get an exemption, it should seek guidance from USAID/CAR.

Article I. Reports and Information, Agreement Books and Records, Audits, and Inspections.

Section I.1. Reports and Information. The Grantee shall furnish USAID accounting records and such other information and reports relating to the Agreement as USAID may reasonably request.

Section I.2. Agreement Books and Records. The Grantee shall maintain accounting books, records, documents and other evidence relating to the Agreement, adequate to show, without limitation, goods and services acquired under the Agreement, agreed-upon cost sharing requirements, the nature and extent of solicitations of prospective suppliers of goods and services acquired, the basis of award of contracts and orders, and the overall progress of the Agreement toward completion ("Agreement books and records"). The Grantee shall maintain Agreement books and records in accordance with generally accepted accounting principles prevailing in the United States, or at the Grantee's option, with approval by USAID, other accounting principles, such as those (1) prescribed by the International Accounting Standards Committee (an affiliate of the International Federation of Accountants) or (2) prevailing in the country of the Grantee. Agreement books and records shall be maintained for at least three years after the date of last disbursement by USAID or for such longer period, if any, required to resolve any litigation, claims or audit findings.

Section I.3. Grantee Audit. If $300,000 or more is expended directly by the Grantee in its fiscal year under the Agreement, the Grantee shall have financial audits made of the expenditures in accordance with the following terms, except as the Parties may otherwise agree in writing:

(a) With USAID approval, the Grantee shall use its Supreme Audit Institution or select an independent auditor in accordance with the "Guidelines for Financial Audits Contracted by Foreign Recipients" issued by the USAID Inspector General ("Guidelines"), and the audits shall be performed in accordance with the "Guidelines"; and

(b) The audit shall determine whether the receipt and expenditure of the funds provided under the Agreement are presented in accordance with generally accepted accounting principles agreed to and whether the Grantee has complied with the terms of
the Agreement. Each audit shall be completed no later than nine months after the close of
the Grantee's year under audit.

Section I.4. Subrecipient Audits. The Grantee, except as the Parties may otherwise
agree in writing, shall submit to USAID, in form and substance satisfactory to USAID, a
plan for the audit of the expenditures of "covered" subrecipients, as defined below, that
receive funds under this Agreement pursuant to a direct contract or agreement with the
Grantee.

(a) A "covered" subrecipient is one who expends $300,000 or more in its fiscal year
in "USAID awards" (i.e., as recipients of USAID cost reimbursable contracts, grants or
cooperative agreements and as sub-recipients under USAID strategic objective and other
grant agreements with foreign governments).

(b) The plan shall describe the methodology to be used by the Grantee to satisfy its
audit responsibilities for covered subrecipients. The Grantee may satisfy such audit
responsibilities by relying on independent audits of the subrecipients; expanding the scope
of the independent financial audit of the Grantee to encompass testing of subrecipients'
accounts; or a combination of these procedures.

(c) The plan shall identify the funds made available to covered subrecipients that
will be covered by audits conducted in accordance with other audit provisions that would
satisfy the Grantee's audit responsibilities. (A nonprofit organization organized in the
United States is required to arrange for its own audits. A for-profit contractor organized in
the United States that has a direct contract with USAID is audited by the cognizant U.S.
Government Agency. A private voluntary organization organized outside the United
States with a direct grant from USAID is required to arrange for its own audits. A
host-country contractor should be audited by the Grantee's auditing agency.)

(d) The Grantee shall ensure that covered subrecipients under direct contracts or
agreements with the Grantee take appropriate and timely corrective actions; consider
whether subrecipients' audits necessitate adjustment of its own records; and require each
such subrecipient to permit independent auditors to have access to records and financial
statements as necessary.

Section I.5. Audit Reports. The Grantee shall furnish or cause to be furnished to
USAID an audit report for each audit arranged for by the Grantee in accordance with this
Section within 30 days after completion of the audit and no later than nine months after the
end of the period under audit.

Section I.6. Other Covered Subrecipients. For "covered" subrecipients who
receive funds under the Agreement pursuant to direct contracts or agreements with
USAID, USAID will include appropriate audit requirements in such contracts or
agreements and will, on behalf of the Grantee, conduct the follow-up activities with regard
to the audit reports furnished pursuant to such requirements.
Section I.7. Cost of Audits. Subject to USAID prior approval in writing, costs of audits performed in accordance with the terms of this Section may be charged to USAID’s contribution referred to in this Agreement.

Section I.8. Audit by USAID. USAID may, at its discretion, perform the audits required under this Agreement on behalf of the Grantee by utilizing funds under the Agreement or other resources available to USAID for this purpose.

Section I.9. Opportunity to Audit or Inspect. The Grantee shall afford authorized representatives of USAID the opportunity at all reasonable times to audit or inspect activities financed under the Agreement, the utilization of goods and services financed by USAID, and books, records and other documents relating to the Agreement.

Article I. Other Payments.

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

Article K. Information and Marking.

The Grantee will give appropriate publicity to the agreement as a program to which the United States has contributed, identify agreement activity sites, and mark goods financed by USAID, as described in ILs.

Article L. Rate of Exchange.

If funds provided under this Agreement are introduced into Israel by USAID or Israel for purposes of carrying out obligations of USAID hereunder, the Grantee will make such arrangements as may be necessary so that such funds may be converted into local currency at the highest rate of exchange which, at the time the conversion is made, is not unlawful in the country of the Grantee to any person for any purpose. The Grantee shall make its best efforts to do the same when converting funds into local currency in the countries in which it is operating hereunder.

Article M. Procurement of Goods and Services.

Section M.1. Any goods and services financed by USAID under this Agreement may be procured pursuant only to an Implementation Order ("IO") or IL issued by USAID.

Section M.2. Title to goods or other property financed by USAID under this Agreement shall be in the possession of the Grantee and transferred at the end of this Agreement to the governments of the countries in which the Grantee has been operating hereunder, unless otherwise agreed by the Parties in writing.
Article N. Suspension, Termination and Other Remedies.

Section N.1. Entering into Force, Suspension and Termination.

(a) The present Agreement shall enter into force by its signature.

(b) Either Party may terminate or suspend this Agreement in its entirety or in part by giving the other Party thirty (30) days prior written notice.

In addition, USAID may terminate this Agreement in whole or in part, by giving the Grantee thirty (30) days written notice, if (i) the Grantee fails to comply with any provision of this Agreement, (ii) an event occurs that USAID determines makes it improbable that the result or related objective of this Agreement or the assistance program will be attained or that the Grantee will be able to perform its obligations under this Agreement, or (iii) any disbursement or use of funds in the manner herein contemplated would be in violation of the legislation governing USAID, whether now or hereafter in effect.

(c) Except for payment which the Parties are committed to make pursuant to noncancellable commitments entered into with third parties prior to such suspension or termination, suspension or termination of this entire Agreement or part thereof will suspend (for the period of the suspension) or terminate, as applicable, any obligation of the Parties to provide financial or other resources to this Agreement, or to the suspended or terminated portion of this Agreement, as applicable. Any portion of this Agreement which is not suspended or terminated shall remain in full force and effect.

Section N.2. Refunds.

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

(b) If the failure of Grantee to comply with any of its obligations under this Agreement has the result that goods or services financed or supported under this Agreement are not used effectively in accordance with this Agreement, USAID may require the Grantee to refund all or any part of the amount of the disbursements made under this Agreement for or in connection with such goods or services in U.S. Dollars to USAID within sixty (60) days after receipt of a request therefor.

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

(d) Any interest or other earnings on funds disbursed by USAID to the Grantee under this Agreement prior to the authorized use of such funds for this Agreement will be
returned to USAID in U.S. Dollars by the Grantee, unless USAID otherwise agrees in writing.

Section N.3. Nonwaiver of Remedies. No delay in exercising any right or remedy accruing to a Party in connection with its financing under this Agreement will be construed as a waiver of such right or remedy.

Article O. Job Loss, Export Processing Zones and Workers' Rights.

Section O.1. No funds or other support provided hereunder may be used in an activity reasonably likely to involve the relocation or expansion outside of the United States of an enterprise located in the United States if non-U.S. production in such relocation or expansion replaces some or all of the production of, and reduces the number of employees at, said enterprise in the United States.

Section O.2. No funds or other support provided hereunder may be used in an activity, the purpose of which is the establishment or development in a foreign country of any export processing zone or designated area where the labor, environmental, tax, tariff, and safety laws of the country would not apply, without the prior written approval of USAID.

Section O.3. No funds or other support provided hereunder may be used in an activity which contributes to the violation of internationally recognized rights of workers in the recipient country, including those in any designated zone or area in that country.

Article P. Voluntary Family Planning.

The Parties agree that all USAID funds provided under this Agreement shall be used in accordance with applicable United States policy and statutory requirements relating to voluntary family planning projects, and that none of the USAID funds provided under this Agreement, or goods or services financed by such funds, may be used for:

(1) the performance of abortion as a method of family planning or to motivate or coerce any person to practice abortions;

(2) the performance of involuntary sterilizations as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations; or

(3) any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilizations as a method family planning.

(4) USAID will issue implementation letters that more fully describe the requirements of this section.
Article Q. Prohibition on Assistance to Drug Traffickers.

USAID reserves the right to terminate this Agreement or take other appropriate measures if the Grantee or a key individual of the Grantee is found to have been convicted of a narcotics offense or to have been engaged in drug trafficking as defined in 22 CFR part 140.

Article R. Assignment of Claims.

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

Article S. Air Travel.

All international air travel and transportation financed by this Agreement shall be done using carriers of the U.S.A. unless they are determined to be unavailable or, subject to the Fly America Act (49 USC 1517), the Parties mutual decision.

Article T. Interest.

Any interest or other earnings on funds provided by USAID to the Grantee under the Agreement will be used in the furtherance of the program, or returned to USAID by the Grantee.

Article U. Additional Representatives.

Each Party hereto may name in writing by Implementation Letter additional representatives who may represent the Party for all matters, including amendments to the program description and the financial plan, except those amendments involving an increase in funding.

Article V. Source & Origin

Procurement of all goods and services must be from the United States or, subject to the limitations of 22 Code of Federal Regulations Section 228.40 (Local Procurement) and treating Israel for these purposes as the “cooperating country”, Israel. For motor vehicles, special rules apply grant funds may not be used to purchase motor vehicles manufactured outside the United States, unless a written waiver by USAID is obtained.