



December 16, 2014

Ambassador Irwin LaRocque
Secretary-General
Caribbean Community Secretariat
Headquarters
Turkeyen
Greater Georgetown,
GUYANA.

Subject: Implementation Letter Number 538-IL-RSAAG-PEPLCI-2015-00001 under the Regional Strategic Assistance Agreement for the Local Capacity Initiative

Project: PEPFAR Regional Program Local Capacity Initiative (LCI)

Dear Ambassador LaRocque:

The purpose of this Implementation Letter (the “IL”) is to provide information and procedures concerning the implementation of the Local Capacity Initiative (the “Project”) under the Regional Strategic Assistance Agreement (the “RSAAG” or “Agreement”), by and between the U.S. Agency for International Development (“USAID”) and the Caribbean Community Secretariat (CARICOM) (the “Grantee”, and together with USAID, each a “Party,” and together, the “Parties”), dated September 23, 2010.

This IL contains the agreement of the Parties on the detailed scope of the Project and the detailed actions to be taken by each Party to implement the Project. This IL provides USAID approval and funding for the project on an advance basis in accordance with procedures set forth in USAID’s Automated Directive System (ADS 636.3).

For purposes of Project implementation, the Pan Caribbean Partnership Against HIV/AIDS (PANCAP), an operating unit of CARICOM, will be the primary entity.

In accordance with the Agreement, USAID agrees to finance the Project, to be implemented by the Grantee as further described in Section A below, subject to the terms and conditions of this IL and the Agreement.

A. The Project

1. Project Purpose

The purpose of the Project is to build the capacity of a regional organization and local civil society organizations (CSOs) that specifically focus on key populations to become more sustainable as they continue to support the overall goal of reducing transmission of HIV in the Caribbean.

The PEPFAR Caribbean Regional HIV Program focuses on working with defined key populations within the region and proposes building the capacity of a regional organization and local CSOs that specifically focus on these key populations to become more sustainable. For the local CSOs, this will include



technical assistance for organizational financial viability as well as capacity building to facilitate active engagement of key populations in policy dialogue and resource decision making. For the regional organization, PANCAP, this will include facilitating links between local CSOs and government bodies to ensure their inclusion and participation in HIV policy decision making and program implementation. Specifically, these links will serve to aid CSOs in advocating for transparency, evidence-based policies/regulations and engagement in each state of HIV program development and implementation for key populations. The activities are aligned with the PEPFAR Caribbean Regional Program’s goals and are intended to complement activities implemented under the PEPFAR Regional program. To create a more sustainable and appropriate response to the HIV epidemic in the Caribbean region, it is necessary to strengthen these regional and local civil society groups that represent key populations. CSO capacity building was highlighted as one of five major priorities for the Caribbean Regional program during FY ROP 13 planning meeting.

LCI activities which constitute the Project, the actions to be undertaken by each Party in implementing the Project, and the means of financing each activity, are:

- Support the capacity and sustainability building of CSO networks that target key populations from both a policy and programmatic perspective that ultimately will help to link persons from key populations into HIV care and treatment programs; and
 - Facilitate CSO involvement in national and regional policy/legislation processes, including linking CSOs and government bodies to increase advocacy for the inclusion of key populations and addressing stigma and discrimination, and any barriers to accessing HIV care and treatment services.
- Project activities are further described in Attachment 1 (“Project Description”).

2. **Project Management**

The Grantee shall ensure proper administration of the Project, prudent management of the Project, compliance with the terms and conditions of this IL, and maintenance of proper documentation.

Annual Work Plans

For the funds directly managed and implemented by CARICOM for PANCAP, an annual work plan for USAID review and approval is required prior to implementing activities. The work plan should describe activities to be undertaken in the coming year in relation to program benchmarks and results along with a project budget for the year (see Attachment 2 for Project Budget). This IL seeks to approve the first annual work plan as at Attachment 2. Thereafter each year the Grantee will submit an annual work plan for the upcoming year by September 30.



B. Project Period

1. Project Start Date

The date on which actions and undertakings necessary to implement the Project begin is December 1st, 2014 (“Project Start Date”).

2. Project Completion Date

The date by which the Parties estimate that all actions and undertakings necessary to implement the Project will be completed is September 30, 2017 (the “Project Completion Date”).

C. Parties’ Contributions

USAID Contribution: The total estimated cost of year 1 of the Project is \$753,310 to be disbursed by USAID on an advance basis in accordance with procedures set forth in ADS 636.3. USAID’s total estimated contribution to the Project is estimated to be \$2,100,000, which is expected to be sub-obligated in increments through future ILs. Sub-obligation of subsequent increments will be subject to the availability of funds in the Agreement for this purpose and the mutual agreement of the Parties, at the time of each subsequent increment, to proceed.

Grantee Contribution: Grantee’s in-kind contributions to this Project will include but not be limited to Project administration, management, and documentation, as described in its “Role” in Attachment 1 “Project Description.” The Grantee agrees to make a best faith effort to ensure that appropriate counterpart contributions from member states, either individually or through the Grantee, are provided to complete, on or before the Completion Date, all activities necessary to achieve the results. Details of the counterpart contribution process, where appropriate, will be discussed and agreed to by USAID and the Grantee and the resulting agreement described in an Implementation Letter.

D. Disbursements and Financial Reporting Requirements

Grant funds for implementation of the Activity will be disbursed by USAID on an advance basis in accordance with procedures set forth in ADS 636.3. Grant funds shall not be co-mingled with other PANCAP owned or controlled funds, and PANCAP shall deposit all USAID cash advances in a separate bank account, and shall make all disbursements for goods and services from this account.

Advances shall be limited to minimum current disbursement needs (generally 30 days) and shall be scheduled so that the funds are available to PANCAP as close as is administratively feasible to the actual disbursements for activity costs. Any advances made by PANCAP to sub-recipients or its field offices shall conform substantially to the same standards of timing and amount as applied to cash advances by USAID to PANCAP.

Advance payments, including the initial advance, shall cover a 30-day period and be requested by submitting a Standard Form 1034 with the statement “Request for Advance” clearly printed. The advance shall be liquidated within 15 days of the end of the period for which the advance was requested, by submitting a Standard Form 1034 marked “Liquidation of Advances.” In addition to the Standard Form 1034, PANCAP is required to complete and attach the “Advance Request and Liquidation” form provided by the USAID/Dominican Republic Office of the Regional Controller. Additional information for a “3 month rolling advance” is available in the ADS 636saa, Managing Program Advances for Non-



U.S. and Non-Governmental Recipients. A copy of the Standard Form 1034 and the Advance Request and Liquidation Forms are attached as Attachment 3 “Advance Forms.”

Interest earned on advances will be remitted to USAID at the end of either the implementing partner's or the U.S. Government's fiscal year (September 30th of each year). However, PANCAP may retain up to US\$250.00 of interest earned per account per year, for administrative expenses.

At the time the RSAAG expires or is terminated, any funds USAID has advanced to PANCAP but which PANCAP has not yet expended must be returned to USAID, except for funds which PANCAP has already obligated in legally binding transactions under the RSAAG.

If at any time the USAID/Dominican Republic Controller determines that PANCAP has demonstrated an unwillingness or inability to: (1) establish procedures that will minimize the time elapsing between cash advances and the disbursement thereof, (ii) produce timely report on cash disbursements and balances as required by the terms of the RSAAG, or (iii) impose the same standards of timing of advances and reporting on any sub-recipient or any of the field offices of the implementing partner; the USAID/Dominican Republic Controller shall take steps necessary to suspend or revoke the advance payment procedure.

C. Procurement

In some cases, Host Country Contracting will be permitted. In those cases, PANCAP will procure goods and services financed under the RSAAG in accordance with its established procedures, as approved by USAID, and in accordance with guidance provided by USAID. ADS Chapter 305 on Host Country Contracts is attached to this Implementation Letter as Attachment 4, and provides detailed guidance on procurement procedures. It is anticipated that all acquisitions by PANCAP will be funded in U.S. dollars.

Although all of ADS Chapter 305 is relevant, we wish to emphasize here three items of particular concern to USAID: USAID's approval rights, source /nationality requirements, and competition.

(1) USAID acts as the financier of contracts awarded by PANCAP and reserves certain rights to approve the contracting process as detailed in ADS 305. This process will be subject to the following USAID approval stages: (i) the list of pre-qualified contractors to be invited to bid, (ii) the solicitation documents, (iii) the selected contractor, (iv) the contract, prior to execution as well as the signed contract documents, (v) contract administrative actions such as sub-contracts, amendments, and change orders. However, USAID does not sign the contracts and is not a party to the contracts.

(2) Commodities and services required for activities under this program shall have their source, and nationality in the United States or CARICOM member countries, and developing countries other than advanced developing countries, but excluding any country such as Cuba which is a prohibited source, unless authorized by USAID in writing.

(3) Contracts shall be concluded through a competitive process. The type of transaction involved (i.e., procurement of technical or professional services or goods) determines the procedures to be used in obtaining competition, such as advertising and the basis of competition (i.e., technical qualifications, price, or both).



For contracting for technical or professional services: the procedures in ADS 305.3.2.1 shall be used. If PANCAP proposes to utilize procedures that differ from those set forth in ADS 305.3.2.1, such procedures must be submitted to USAID for approval prior to procurement. Two copies of any contract for technical or professional services not exceeding the equivalent of US\$250,000 are to be submitted to USAID after execution by CARICOM PANCAP. Any such contract of US\$250,000 equivalent or greater is to be submitted to USAID prior to execution.

For contracting for goods: the procedures in ADS 305.3.2.3 shall be used. These provide that formal competitive bidding shall be the normal procedure for awarding contracts for goods when the estimated cost exceeds \$100,000. "Small value" informal procurement procedures may be used when the estimated cost of the procurement does not exceed \$100,000, in lieu of formal bidding procedures; however, a reasonable number of potential suppliers must be solicited for procurements expected to exceed \$2,500, and the procurement must be awarded at a reasonable price. Advertising is not required and requests for quotations may be oral.

Informal (handwritten) records of quotations must be kept in the procurement file. For procurements for goods that do not exceed US\$2,500, awards may be made by PANCAP without obtaining competitive quotations so long as:

- a. PANCAP considers the price reasonable;
- b. Such purchases are distributed equitably between qualified suppliers; and
- c. The awarding official documents these conclusions in PANCAP's records of the procurement.

D. USAID Approvals

USAID hereby waives the requirements for USAID approvals of the Plans, Specifications and Contracts pursuant to Section C.3 of Annex 1 (Standard Provisions) of the Agreement.

E. Environment

The Project shall be implemented in conformity with Attachment 5, which addresses environmental requirements.

F. Other Provisions

1. Project Managers

For technical and administrative management of this Project, USAID shall be represented by the individual and/or his/her alternate designated in a separate letter to the Grantee (the "USAID Project Manager"), and the Grantee shall be represented by the individual and/or his/her alternate designated in a separate letter to USAID (the "Grantee Project Manager").

The USAID Project Manager shall be the primary liaison with the Grantee and its implementing agents in the day-to-day implementation of the Project, and the Grantee Project Manager shall be the primary liaison with USAID in the day-to-day implementation of the Project.



2. Amendments and Modifications

This IL may be supplemented or modified by a written document signed by the Parties. Any supplement or modification must be consistent with the terms of the Agreement, and no subsequent written document or IL may increase the USAID contribution in the Agreement.

3. Audit

The Grantee shall comply with all provisions set forth in Section B.5 of Annex 1, of the Agreement. In accordance with the Agreement, the Grantee must maintain in its payment records, evidence of payment to any contractor or grantee for services performed or goods delivered. This evidence must be available for verification by USAID for a period of three years after the last disbursement by USAID under this IL. To facilitate this process, the Grantee shall facilitate access to USAID or its designee to conduct monitoring, evaluation and inspection of the Project as further described in this IL and the Agreement.

4. Incorporation and Flow-down of Standard Provisions

All attachments referenced on the signature page below, including the Standard Provisions, are expressly incorporated into and part of this IL. The Grantee is responsible for ensuring the applicable Standard Provisions in this IL and the Agreement are included in all Grantee agreements with contractors or sub-Grantees to the extent necessary to fulfill the Grantee's responsibilities under this IL and the Agreement.

Please indicate your concurrence with the contents of this IL by countersigning the two original versions, and return one of these originals to USAID/ Eastern and Southern Caribbean.

Sincerely,

Christopher M. Cushing
Mission Director
USAID/Eastern and Southern Caribbean

Concurrence:

Ambassador Irwin LaRocque
Secretary-General
Caribbean Community Secretariat

Date: 18 MAR 2015

cc: Dereck Springer, Director, PANCAP Coordinating Unit



Attachments

1. Project Description and Implementation Arrangements
2. Project Budget
3. Advance Forms (Standard Form 1034 and Advance Request and Liquidation Form)
4. ADS 305
5. Environmental Requirements
6. Monitoring and Evaluation Requirements
7. Annex 1 - Standard Provisions

Attachment 1

Project Description

Civil society organizations (CSOs) that support and serve People Living with HIV/AIDS (PLHIV), Men who have sex with men (MSM), and Commercial Sex Workers (CSW) are critical to providing an HIV response that can reach those most affected by HIV/AIDS. While CSOs have been active on the ground in supporting key populations, they have not been fully integrated into national and regional response efforts and currently lack the capacity for sustainable HIV responses. As governments are not always supportive of working with key populations, these CSOs are often the only organizations working with MSMs and CSWs and offer an opportunity to target the drivers of the epidemic in this region and provide much needed services. CSOs also have an important advocacy role to play in working with governments to better target resources toward key populations. The reality, however, is that many CSOs lack the funding required for organizational strengthening, including financial sustainability strategies, and technical capacity building. Local CSOs have rarely managed substantial amounts of funding and do not have the capacity to respond to funding announcements issued by Ministries of Health, despite clearly needing financial assistance. CSO leaders often do not have the requisite skills to engage an ever-growing private sector for funding opportunities. Similarly, CSOs have not had the expertise or experience in being able to establish entities such as trust funds and/or foundations. This proposal seeks to fill a funding gap and strengthen CSOs capacity building and advocacy for sustainable HIV responses, with a focus on key populations.

In the Caribbean, there are several regional organizations responding to the HIV epidemic with varying levels of capacity to provide the technical assistance (TA) that they are envisioned to deliver. These organizations also face challenges related to sustainability. The Caribbean Community (CARICOM) Pan-Caribbean Partnership Against HIV/AIDS (PANCAP) is one of these organizations, with a core mandate of bringing together national HIV programs with international and regional organizations involved in the fight against AIDS in the Caribbean. As such, PANCAP is a partnership of state and non-state actors, including regional CSOs and affected vulnerable communities and PLHIV.

The PANCAP Coordinating Unit's (PCU) core mandate includes three priority areas: partnership coordination, advocacy, and resource mobilization. Because of its governance structures, it plays a critical role in bringing community voices into policy decisions made by CARICOM heads of government. Financially, PANCAP currently relies on country contributions to CARICOM, USG, Global Fund, and German donor funding. The strength of the PCU's financial management capacity has been clearly demonstrated over the last several years by their successful management of a Round 9 Global Fund grant. PANCAP has overseen the successful management of a small grants program for CSO sub-recipients under Round 9. With regards to sustainability, however, there are areas within their sustainability plan that need to be strengthened as the donor environment and HIV landscape continue to evolve in the Caribbean region. PANCAP's role is therefore also evolving, as the HIV response moves toward integration into a broader regional health agenda. In addition, state-based entities such as the new Caribbean Public Health Agency (CARPHA) are focusing on public health through a medical lens. With HIV, this is seen through a focus on the traditional areas of epidemiology and lab strengthening. PANCAP is now charged with the lead role of ensuring that Caribbean regional strategies and focus includes CSOs in this response, underscoring the great importance of advocacy to government actors. Furthermore, without PANCAP's leadership, the socio-cultural aspects tied to public health and community institutional strengthening are at risk of being seriously neglected in the future.

Implementation Arrangements:

Role of CARICOM

CARICOM will serve as the primary counterpart organization to the Program and administer and manage the Agreement in partnership with USAID to achieve the agreed upon results. All technical assistance and support under this Project is to be jointly programmed by USAID and CARICOM to ensure that activities support the goals of Pan Caribbean Partnership (PANCAP).

Technical assistance, which may include direct funding, provided directly to CARICOM to support activities to be directly implemented by PANCAP will be administered by CARICOM, such as preparation of work plans and budget and financial management and accounting.

CARICOM will be responsible for jointly programming and monitoring these activities with USAID to ensure that these activities support the achievement of results of the Program and support PANCAP's goals.

Role of PANCAP

PANCAP's role will be to manage the small grants to the CSO and to lead the Call for Proposal process to identify the awardees, along with other key LCI members and partners including University of the West Indies Health Economics Unit (UWI/HEU) and PEPFAR partners. LCI staff at PANCAP will coordinate this function.

Role of UWI

The University of the West Indies Health Economics Unit (UWI/HEU) will be the primary coordinator of the capacity building component for the CSO grantees. LCI staff will help to facilitate this function.

Role of USAID/Eastern and Southern Caribbean

USAID will serve as the primary grantor to the Program and administer and manage the agreement in partnership with CARICOM/PANCAP to achieve the agreed upon results. All technical assistance and support under this Program is to be jointly programmed by USAID and CARICOM to ensure that activities support PANCAP's goals.

USAID will issue Implementation Letters detailing the actual budget available for the Program. USAID will review and approve the CARICOM workplans, budgets and financial reports for the funding provided to CARICOM to support activities to be directly implemented by PANCAP.

The LCI grantees will need to focus their program proposals on addressing human rights issues related to stigma and discrimination directed at CSW, MSM and PLHIV. There should be a focus on getting these key populations into care and treatment programs and accessing services.

PEPFAR USG agency partners and LCI technical support will be involved in monitoring and reviewing LCI activities with regular calls and updates with program staff at PANCAP and UWI/HEU.

Attachment 2

Project Budget

Local Capacity Initiative (LCI) (\$US)				
	Year 1	Year 2	Year 3	TOTAL
Project Officer -PCU	\$ 81,000	\$ 66,000	\$ 81,000	\$ 228,000
Technical Officer - HEU-UWI	\$ 49,920	\$ 49,920	\$ 49,920	\$ 149,760
Regional Consultants	\$ 28,000	\$ 65,000	\$ 65,000	\$ 158,000
Baseline Assessment	\$ 49,500	\$ -	\$ -	\$ 49,500
In-Country Training	\$ 50,920	\$ 50,920	\$ 50,920	\$ 152,760
Grants Committee Meetings	\$ 3,800	\$ 3,800	\$ 3,800	\$ 11,400
Grants	\$ 430,000	\$ 400,000	\$ 350,000	\$ 1,180,000
Meetings of CSO Partners	\$ 20,000	\$ 20,000	\$ 20,000	\$ 60,000
Office Expenses - HEU-UWI	\$ 3,000	\$ 3,000	\$ 3,000	\$ 9,000
Travel - HEU-UWI	\$ 10,572	\$ 10,572	\$ 10,572	\$ 31,716
Office Expenses - PCU	\$ 11,598	\$ 12,558	\$ 12,558	\$ 36,714
Travel -PCU Project Officer	\$ 15,000	\$ -	\$ -	\$ 15,000
Monitoring Visit	\$ -	\$ 8,250	\$ 9,900	\$ 18,150
TOTAL	\$ 753,310	\$ 690,020	\$ 656,670	\$ 2,100,000

Note: Re Project Officer, Years 1 and 3 include allocations for recruitment and relocation costs respectively.

Local Capacity Initiative (LCI) WORKPLAN AND BUDGET

FISCAL YEAR 2015

October 2014 – September 2015

Attachment 2A

Strategic Priority Area of CRSF 2014 – 2018	Objectives	Activities	Key results	Timeframe by Quarter				Budget	Comment
				1 st	2 nd	3 rd	4 th		
Sustainability	Strengthen the capacity of a regional institution(s) i.e., PANCAP, CHAA and the University of the West Indies (UWI) to facilitate sustainability	Convene two-day meeting to determine policy advocacy related work being done in the region with CSOs and develop a plan for to coordinate activities with those of LCI	Plan for coordinating policy advocacy related work with CSOs in the region	X				20,000	Assessment of HEU's capacity to build capacity of CSOs in policy advocacy has been conducted PEPFAR-funded partner HPP
Sustainability	Build capacity of PLHIV, MSM, and CSW and other relevant organizations to implement technically-sound HIV response activities, including addressing stigma and discrimination, advocacy for key populations, and strengthening their own financial viability;	Convene quarterly virtual meetings of the LCI Advisory Committee Contract LCI project staff; Project Officer and Technical Advisor Contract regional consultants to conduct baseline assessment	Ongoing technical oversight to LCI project Certified CSO capacity building program for the Caribbean	X	X	X	X	0 130,920 28,000	PANCAP Priority Areas Coordinating Committee will serve as the oversight committee The PCU based Project Officer will be contracted by the CARICOM Secretariat. The HEU-UWI based Technical Advisor will be contracted by HEU-UWI

Strategic Priority Area of CRSF 2014 – 2018	Objectives	Activities	Key results	Timeframe by Quarter				Budget	Comment
				1 st	2 nd	3 rd	4 th		
		Travel to conduct baseline capacity and sustainability assessments of CSOs		X				49,500	The HEU-UWI with support from regional consultants will conduct the baseline capacity assessments of the CSO and use the assessment to develop the capacity building program for UWI's certification.
		Design capacity program based on CSO assessment		X				Staff time	
		Submit program to UWI/HEU for certification		X				Staff time	Criteria for selecting participants will be developed by HEU-UWI and shared with CSOs
		Conduct capacity building training for CSOs		X	X			50,920	Trainings will be conducted in country as a cost efficient method of reaching more participants. PCU will leverage cost free conference facilities from in country partners
		Certify CSO participants trained			X			Staff time	

Strategic Priority Area of CRSF 2014 – 2018	Objectives	Activities	Key results	Timeframe by Quarter				Budget	Comment
				1 st	2 nd	3 rd	4 th		
Sustainability	Facilitate CSOs' involvement in national and regional policy/legislation processes, including linking CSOs and government bodies to increase advocacy for the inclusion of key populations;	Develop criteria for small grant program	Increase advocacy among CSOs for inclusion of key populations in national and regional policy/legislation CSO Operational manual	X				Staff time	Criteria for small grant program will be developed by HEU-UWI and PCU
		Announce LCI small grant program through issuance of RFP		X				Staff time	PANCAP-CARICOM will issue RFP
		Develop Operational manual to guide CSOs in their implementation of grants		X			3,800	PCU Staff time	The PCU will review USAID Policy on Grants and Cooperative Agreements for NGOs in conjunction with CARICOM Secretariat's Operational Manual to inform the development of a user friendly LCI Operational Manual
		Convene meeting to review small grant applications and select awardees						430,000	A grant review committee comprised of PEPFAR, PCU and UWI-HEU will be convened to review the grant applications
		Award grants and orient awardees to reporting procedures and guidelines							Awards will be made by PANCAP-CARICOM

Strategic Priority Area of CRSF 2014 – 2018	Objectives	Activities	Key results	Timeframe by Quarter				Budget	Comment
				1 st	2 nd	3 rd	4 th		
									and Agreements signed between CARICOM and awardees
Sustainability	Monitor the implementation of the LCI project	Develop monitoring schedule	Project activities implemented in accordance with workplan and timeline	X				Staff time	The Project officer will prepare quarterly reports with input from the technical advisor and submit to PEPFAR through PCU Director
		Conduct travel and monitoring in accordance with schedule		X	X	X	15,000		
		Conduct travel and monitoring for HEU-UWI technical advisor		X	X	X	10,572		
		Prepare quarterly reports on LCI activities		X	X	X	Staff time		
	Office Expenses	HEU-UWI office expenses		X	X	X	3,000		
		PCU office expenses		X	X	X	11,598		
Total							753,310		