

4980251-D PD-AAF-742

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*4980251          ASIA REGIONAL          *
*                COOP OILSEED PROCESSING MGMT DEVELOPMENT *
*                FY76 TO FY82           *
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\*\*\*PROJECT SUMMARY DESCRIPTION\*\*\*

Operational program grant is provided to the Cooperative League of U.S.A. (CLUSA) to assist the Indian National Cooperative Development Corporation (NCDC) to improve the management of India's cooperative oilseed processing sector. CLUSA will implement the project.

The project will focus on improving NCDC's ability to fulfill its responsibility for cooperative management consulting. Four NCDC officials will participate in a short-term U.S. observation tour to meet with leaders of oilseed cooperatives.

These U.S. leaders will assist NCDC to formulate work plans and training programs and will familiarize the Indians with American cooperative systems and practices. Six professionals will be trained as systems consultants and trainers, and training manuals and materials will be developed for their use in upgrading the systems management skills of at least 35 Indian unit managers.

Methods of improved management will be devised, tested, and modified by the trained NCDC administrators. Emphasis will be placed on improvements in the following areas: cost reporting and control; inventory control; production planning and control; processing efficiency and reliability; raw material grading and storage; quality control diversification of raw materials and products; personnel efficiency; management information and control; raw material supply; and quality assurance.

The project will contribute to India's goal of doubling the size of the cooperative oilseed processing sector over the next four years, improving the returns of the small independent oilseed raisers, and developing a cooperative marketing system owned and operated by the farmers.

\*\*\*DESCRIPTORS\*\*\*

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INSTIT BUILDING PARTIC TRAINING INDIGENOUS TRNG COOP MGMT
COOP MGMT TRNG OILSEED TRAINING MANUAL PRIV VOL ORGS
SMALL FARMERS COOP MKTG MGMT PERSONNEL MGMT PROB SOLV
MGMT TRNG EXTEN FOOD PROCESSING FOOD PRODUCTION

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SUB-PROJECT NUMBER: 02

BATCH NUMBER: 54

BEST AVAILABLE

**BEST AVAILABLE COPY**

1498-02510  
Desk

UNITED STATES OF AMERICA

4980251-2  
PD-AAF-742-81

**AGENCY FOR INTERNATIONAL DEVELOPMENT**

498025/024401

File: CLUSA/NCDC

American Embassy, West Building, Chanakyapuri,  
New Delhi-21, India

Telephone : 29351 490351  
Telegrams : 'USAID'

August 30, 1978

The Cooperative League of the U.S.A.  
1828 L Street, N.W.  
Washington, D. C., 20036

Subject: Grant No. AID-38 1127 (India)  
Appropriation No. 72-1181021  
Allotment No. 843-60-356-00-69-81

Gentlemen.

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A. I. D." or "Grantor") hereby grants to the Cooperative League of U.S.A., 1828 L Street, N. W., Washington, D. C., 20036, (hereinafter referred to as "CLUSA" or "Grantee") the sum of Four Hundred Seventy-five Thousand Two Hundred dollars (\$475,200) to provide support for a three-year program in India as more fully described in the attachment to this Grant entitled "Program Description".

This Grant is effective and obligation is made as of the date of acceptance by CLUSA and shall apply to commitments made by the Grantee in furtherance of the program objectives during the period August 30, 1978 through August 29, 1981.

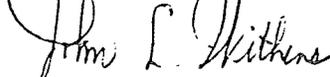
This Grant is made to CLUSA on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment A entitled "Program Description"; Attachment B entitled "Standard Provisions"; Attachment C entitled "Definitions"; and Attachment D entitled "Logical Framework" all of which have been agreed to by your organization.

Please sign the Statement of Assurance of Compliance, enclosed hereto, and the original and seven (7) copies of this letter to acknowledge your acceptance of the conditions under which these funds have been granted.

Please return the Statement of Assurance of Compliance and the original and six (6) copies of this Grant to the Grant Officer.

The Chief of Food and Nutrition Division, USAID/New Delhi, or his designated representative, will act as the A. I. D. Project Officer for purposes of this Grant.

Sincerely yours,



John L. Withers  
Mission Director  
(Grant Officer)

Attachments

- A. Program Description
- B. Standard Provisions
- C. Definitions
- D. Logical Framework
- E. Statement of Assurance of Compliance

ACCEPTED

THE COOPERATIVE LEAGUE OF U.S.A.

By M. Rex Wingard

Name M. Rex Wingard

Title Resident Representative

Date Aug. 30, 1978

FISCAL DATA

Appropriation	:	72-1:01021
Allotment	:	043-60-386-00-69-01
Project No.		495-0251
Total Grant Amount		\$475,200

PROGRAM DESCRIPTION

"COOPERATIVE OILSEED PROCESSING MANAGEMENT DEVELOPMENT  
PROJECT" -- INDIA

A. Purpose of Grant

The purpose of this Grant is to provide support for the Grantee's program to assist the National Cooperative Development Corporation (NCDC), a statutory corporation of the Government of India (GOI), in improving the effectiveness and viability of the existing and future oilseed processing units introducing in the cooperative sector, by/modern management systems and techniques and training of cooperative personnel.

B. Specific Objectives

The specific objectives of this Operational Program Grant (OPG) are to help the Indian oilseed processing cooperatives in:

- (1) formulating and testing modern management systems and techniques applied to certain areas of this specific business, designed to operate under Indian conditions;
- (2) translating the results of (1) above into operations manuals and training materials in preparation for the effective installation of these in the cooperative processing units; and
- (3) developing the cooperatives' internal capability for future systems and techniques development as well as for training cooperative personnel in their applications in the future.

C. Background

India has 19 cooperative oilseeds processing complexes that are currently operative, including five which are only solvent extraction plants. The majority of these are in economic difficulty largely due to lack of trained and experienced management and other key personnel. None of the units is operating at optimum capacity and potential for profit. This has contributed to inadequate production and a chronic shortage of edible oils, which are a major source of calories in the Indian diet particularly among the poor majority of people.

The GOI has given serious attention to the problem and has assigned a very high priority to increasing the production of edible oils, particularly through the encouragement of cooperatives. NCDC, which has been given the primary responsibility to take necessary corrective measures in the existing cooperative sector, has been working with CLUSA to improve the basic performance of the cooperative oilseed processing units and expand their number. In addition, a massive 10-year program of Cooperative Oilseed Processing Sector Development has been developed by NCDC with CLUSA assistance, which is being initiated. Under this program, the size of the cooperative oilseed processing sector will be more than doubled in the next four years.

The OPG will be a key element in the on-going NCDC/CLUSA cooperative oilseed processing management development project which in turn, provides inputs to the larger cooperative oilseed processing sector development

program of NCDC.

The NCDC program is aimed at strengthening and expanding this sector to the point where it will have a very significant impact on the returns to the small independent farmers, who raise the bulk of the oilseeds, while providing an adequate supply of quality vegetable oils to poorer consumers (both rural and urban) through the Public Distribution System and consumer cooperatives.

The OPG project will also contribute indirectly, through improved management systems and trained managers, to another major activity involving the development of a prototype cooperative marketing system owned by the farmers and based on the same concept as the highly successful dairy cooperatives of "Operation Flood". This marketing system will include needed inputs to farmers for increasing production, collection, grading, storage, transport, processing, and marketing.

Initially the assistance will be provided to NCDC. At a later date the activity will be taken over by the cooperatives themselves in a national federation of oilseed processing cooperatives which is in the process of being formed.

IBRD is also considering direct assistance to NCDC to partially finance its Sector Development Program.

The ultimate target beneficiaries of the OPG will be the small farmers growing oilseeds and the poorer consumers. Those immediately involved will be the key personnel of all cooperative processing units and their

employees who will be responsible for training other cooperative personnel as well as providing assistance in improved project planning and promotional methods.

CLUSA has submitted to A.I.D. a Project Proposal for OPG dated February 10, 1978, which may be referred to for more complete details of this grant project.

The GOI has given its written 'non-objection' to CLUSA receiving OPG funds from A.I.D. for providing the requested technical assistance to NCDC, as outlined in the Project Proposal which has been approved by A.I.D.

D. Implementation

To achieve the above objectives, the Grantee shall carry out the following activities with funds provided by this Grant:

1. CLUSA will authorize its Resident Representative in India to act as the chief consultant and overall coordinator in the implementation of this Grant, including orientation and supervision of U.S. long-term advisors and short term consultants that may be assigned to the project in specific areas of expertise.
2. Members of the Standing CLUSA Advisory Committee on Oilseeds in the U.S., made up of cooperative industry leaders will participate in the formulation of work plans and training programs; assist in project evaluations; and provide informational inputs to the project throughout its three-year life. Members of the Advisory Committee will also visit India (approximately six

man months) to advise and assist NCDC on specific problems during implementation of the project.

3. CLUSA will arrange and provide for an observation and in-service study tour to the U.S. by a team of four key Indian officials consisting of the Managing Director of NCDC and three other counterpart NCDC officials. The Team will engage in short term familiarization and discussions with U.S. oilseeds cooperatives and CLUSA / Washington, primarily in the operating units of the CLUSA Advisory Committee members. They will familiarize themselves with current U.S. cooperative practices and systems in use and jointly determine specific systems to be modified for adaptation in different plant situations in India. The CLUSA Resident Representative will participate in the discussions with the team in the U.S.
4. CLUSA will provide the services of two U.S. long-term advisors in the fields of management and technical systems, for approximately two years each, to be assigned to NCDC to work with the Indian cooperative oilseed units. These advisors together with their Indian counterparts who will have been trained in the U.S., will assist in devising and testing, modifying and retesting over a period of time, methods and systems for different plant situations to affect or improve the following: cost reporting and control, inventory control, production planning and control, processing efficiency and reliability, raw material grading and storage, quality control diversification of raw

materials and products, personnel efficiency, management information and control, raw material supply and quality assurance and other areas as required.

5. CLUSA will provide the services of 5 man-months of U.S. short-term consultants to advise and assist NCDC and the cooperatives on special problems relating to the overall systems improvement process, evaluation, and training, as required. These consultants will have experience and background in U.S. oilseed processing cooperatives.

6. A description of intended project inputs and outputs is provided in Attachment 'D', Logical Framework.

**E. Reporting**

1. Fiscal and Accounting Reports: The Grantee shall submit to A.I.D. the following reports in prescribed forms for each calendar quarter and annually, as specified in Paragraph 10(d) of the attached Standard Provisions (Attachment B):

(a) Financial Status Report, SF 269, together with SF 1034, to report expenditures by project input (cost element) on an accrual basis.

(b) Federal Cash Transactions Report, SF 272, to report status of cash advances and disbursements.

2. Program Performance Reports: The Grantee shall submit to A.I.D. a program performance report (or technical report) in narrative

detail for each calendar quarter and annually. This report shall include (a) brief discussion of progress against established program objectives for each program, activity or function involved, significant program developments, projected accomplishments for the coming quarter (or year in the case of annual report), audit findings, and any other pertinent information, problems, delays, etc. and (b) tabular information on total accrued expenditures against total obligations by project input (cost element).

3. Final Reports: The Grantee shall submit to A.I.D. a final program performance report or technical report as well as a final financial status report not later than 90 days after completion of the grant project.

4. Evaluation Reports: CLUSA will undertake jointly with NCDC and A.I.D. an interim evaluation of the project at the end of approximately 18 months and a final evaluation close to the end of the Grant period. Five copies of the evaluation reports will be for the use of A.I.D.

#### F. Budget

1. The funds herein shall be used to finance the dollar cost as well as rupee cost of the following items:

Cost Element (Project Input)	Total Obligated Amount From 8/30/78 to 8/29/81		
	Dollar Cost \$	Rupee Cost \$	Total Cost \$
<u>Direct Costs:</u>			
1. Salaries & Fees	161,700	-	161,700
2. Allowances	31,200	27,000	58,200
3. Travel & Transportation	74,600	35,200	109,800
4. Training Costs	9,000	8,000	17,000
5. Equipment & Materials	-	2,000	2,000
6. Other Miscellaneous	9,700	1,600	11,300
Sub-Total:	<u>286,200</u>	<u>73,800</u>	<u>360,000</u>
<u>Indirect Costs:</u>			
7. Overhead(Provisional @ 32%)	115,200		115,200
TOTAL (OPG):	<u>401,400</u>	<u>73,800</u>	<u>475,200</u>

2. The Fiscal year allocation of the budget is estimated as follows:

<u>Cost Element</u>	<u>FY 1978</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>Total</u>
<u>Direct Costs:</u>	\$	\$	\$	\$	\$
1. Salaries & Fees	-	65,400	83,100	13,200	161,700
2. Allowances	-	23,400	27,600	7,200	58,200
3. Travel & Transportation	4,000	37,300	28,200	40,300	109,800
4. Training Costs	17,000	-	-	-	17,000
5. Equip & Materials	2,000	-	-	-	2,000
6. Other Misc.	<u>2,200</u>	<u>3,900</u>	<u>2,900</u>	<u>2,300</u>	<u>11,300</u>
Sub-Total:	25,200	130,000	141,800	63,000	360,000
<u>Indirect Costs:</u>					
7. Overhead (32%)	8,064	41,600	45,376	20,160	115,200
TOTAL:	<u>33,264</u>	<u>171,600</u>	<u>187,176</u>	<u>83,160</u>	<u>475,200</u>

3. The line item details related to cost elements are estimated in the Revised OPG Budget of April 12, 1978, attached as Appendix "D" to the Grantee's Project Proposal of February 10, 1978.

4. The Grantee may not exceed the total amount of the budget shown in para F.1 above. However, within the total amount provided in that budget for direct costs, the Grantee may make adjustments among the cost elements and between the dollar costs and rupee costs as may be necessary up to 20 per cent of the total cost of each cost element, and shall keep A.I.D. currently informed of such adjustments. Such adjustments in excess of 20 per cent will be made with prior written approval of A.I.D.

5. The Grantee shall notify A.I.D. promptly whenever the amount of A.I.D. funds authorized herein is expected to exceed the needs of the Grantee for purposes of this OPG project, by more than \$5,000.00 or five percent of the A.I.D. award whichever is greater.

6. The summary of projected program inputs for the project is as follows:

AID/OPG	\$475,200
CLUSA	233,000
NCDC	149,100
Cooperatives	118,000
Govt. of India	15,200
	<hr/>
	\$990,500
	<hr/>

7. Under the terms of the Memorandum of Understanding between NCDC and CLUSA, and as stated in CLUSA's Project Proposal of February 10, 1978, NCDC will provide direct project support to CLUSA advisors and consultants, including office space and services, local transportation and local communications. Other NCDC support to the project is detailed in the project Proposal.

8. A.I.D. shall provide all facilities and services including Commissary to CLUSA long term U.S. advisors, as are normally available to A.I.D. contractor employees in accordance with current Embassy/USAID regulations.

G. Disbursement of Funds

A.I.D. shall open a Federal Reserve Letter of Credit (FRLC) in the amount of this Grant (\$475,200), against which the Grantee shall be authorized to draw funds when needed from the U.S. Treasury, through a Federal Reserve bank. These advance drawdowns shall be made as close as possible to the time of making disbursements for the purposes of the OPG project. The procedures governing the FRLC are contained in Paragraph 10 of the attached Standard Provisions. (Attachment B).

H. Overhead Rate

The rate of overhead (32%) used to determine allowable indirect costs is provisional and subject to appropriate adjustment when the final rates are established for the period of this Grant. The procedures governing the overhead rates are contained in Paragraph 7 of the Standard Provisions.

I. Title to Property

The title to property acquired with Grant funds shall vest in the Grantee subject to the conditions stipulated in Paragraph 18 of the Standard Provisions.

The Grantee shall use the property in the project or program for which it is acquired as long as needed, whether or not the project or program continues to be supported by A.I.D. funds. However, the Grantee shall obtain written approval from A.I.D. before such property is disposed of.

J. Special Provisions

The numbered paragraphs 2, 6, 8, 9, 11, 12, 16, 17, 19, 20, 23, 24, 25, 26, and 27 of the Standard Provisions (Attachment B) are not applicable to this Grant and are hereby deleted.

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## NCDC/CIUSA COOPERATIVE OILSEED PROCESSING MANAGEMENT PROJECT - INDIA (OPO)

February 10, 1973  
Revised April 17, 1978

## LOGICAL FRAMEWORK

## OILSEED PROCESSING MANAGEMENT DEVELOPMENT

ATTACHMENT "D"

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<b>Goal:</b> The development of effective professional management within the co-ops (ve oilseed processing sector).	<ol style="list-style-type: none"> <li>1. Improved operating performance.</li> <li>2. Increased capacity utilization.</li> <li>3. Improved financial performance.</li> <li>4. New units on viable basis in reduced time.</li> </ol>	<ol style="list-style-type: none"> <li>1. Financial and operating reports of units.</li> <li>2. NCDC/GOI reports.</li> <li>3. CIUSA quarterly reports.</li> </ol>	GOI continues policies supportive of the sector. Continued NCDC support.
<b>Purpose:</b> To develop the methods required to improve substantially the management efficiency in the sector, and to develop the internal capability of a central cooperative institution for training the units' personnel in these methods as well as the continued development in this area.	<b>End of Project Status:</b> <ol style="list-style-type: none"> <li>1. The system and procedures have been developed and tested.</li> <li>2. The training program for cooperative personnel has been formulated and initiated.</li> <li>3. A core group of trainers/consultant is in place and functioning within the cooperative structure.</li> </ol>	<ol style="list-style-type: none"> <li>1. The existence of manuals and training materials.</li> <li>2. Evaluation team report.</li> <li>3. Advisor reports.</li> <li>4. NCDC/units' reports and published proceedings.</li> </ol>	GOI/NCDC continues policies which provide incentives to cooperative personnel.
<b>Outputs:</b> <ol style="list-style-type: none"> <li>1. Manuals and training materials.</li> <li>2. Minimum of 6 professionals well grounded in use and rationale behind systems developed and capable of training others as well as providing consulting.</li> <li>3. Not less than 35 of the general managers of existing units trained in the application of all the systems developed.</li> </ol>	<ol style="list-style-type: none"> <li>1. Publication and distribution of at least one set of all manuals and materials to each operating unit.</li> <li>2. Published training program and schedule covering all concerned personnel of all existing units.</li> <li>3. Initial training program completed for general managers as a minimum.</li> <li>4. Systems consultants/trainers formally employed by the central organization.</li> </ol>	<ol style="list-style-type: none"> <li>1. NCDC records.</li> <li>2. Published proceedings.</li> <li>3. Evaluation report.</li> <li>4. Central cooperative organization records.</li> </ol>	NCDC continues its sector development program and financial support to units and central organization.
<b>Inputs:</b> <ol style="list-style-type: none"> <li>1. Approximately 53 man-months of expatriate consulting services. (plus 6 man-months Adv. Com.)</li> <li>2. In-service training in U.S. approximately 5 man-months.</li> <li>3. Counterpart personnel, support and overhead services.</li> <li>4. CIUSA Representative consulting and supervision.</li> <li>5. Indian consultants.</li> <li>6. Cooperative facilities materials and personnel for testing.</li> <li>7. NCDC financing.</li> <li>8. Personnel and expense for training.</li> </ol>	<ol style="list-style-type: none"> <li>1. 2 long-term advisors (approximately 2 years) in India, all man-months short-term and U.S. Cooperative advisor consultants.</li> <li>2. Minimum of 3 counterparts having approximately 2 1/2 years in program working with consultants and U.S. Cooperative consultants/members.</li> <li>3. CIUSA Representative to devote approximately 1/2 time to supervision and consulting during UFG.</li> <li>4. Development and testing carried out, manuals published and training planned and initiated.</li> </ol>	<ol style="list-style-type: none"> <li>1. NCDC and cooperative reports.</li> <li>2. CIUSA reports.</li> <li>3. Financial reports.</li> <li>4. NCDC, CIUSA, Cooperative records.</li> </ol>	GOI provides concessions for long-term advisors on taxes, etc.

STANDARD PROVISIONS  
FOR  
U.S. GRANTEES AND U.S. SUBGRANTEES

ATTACHMENT "B"

1. ALLOWABLE COSTS AND PAYMENT (OTHER THAN EDUCATIONAL INSTITUTIONS)  
(This provision is applicable to other than educational institutions.)

The Grantee shall be reimbursed for costs incurred in carrying out the purposes of this Grant which are determined by the Grant Officer to be allowable in accordance with the terms of this Grant and Subpart 15.2 (Contracts with Commercial Organizations) of the Federal Procurement Regulations (41 CFR 1-15.2) in effect on the date of this Grant. Payment of allowable costs shall be in accordance with the payment provision of this Grant.

2. ALLOWABLE COSTS AND PAYMENT (EDUCATIONAL INSTITUTIONS)  
(This provision is applicable to educational institutions)

The Grantee shall be reimbursed for costs incurred in carrying out the purposes of this Grant which are determined by the Grant Officer to be allowable in accordance with the terms of this Grant and Federal Management Circular No. 73-8, "Cost Principles for Educational Institutions" in effect on the date of this Grant. Payment of allowable costs shall be in accordance with the payment provision of this Grant.

3. ACCOUNTING, RECORDS, AND AUDIT

The Grantee shall maintain books, records, documents, and other evidence in accordance with the Grantee's usual accounting procedures to sufficiently substantiate charges to the grant. The Grantee shall preserve and make available such records for examination and audit by AID and the Comptroller General of the United States, or their authorized representatives (a) until the expiration of three years from the date of termination of the program and (b) for such longer period, if any, as is required to complete an audit and to resolve all questions concerning expenditures unless written approval has been obtained from the AID Grant Officer to dispose of the records. AID follows generally accepted auditing practices in determining that there is proper accounting and use of grant funds. The Grantee agrees to include the requirements of this clause in any subordinate agreement hereunder.

#### 4. REFUNDS

(a) If use of the Grant funds results in accrual of interest to the Grantee or to any other person to whom Grantee makes such funds available in carrying out the purposes of this Grant, the Grantee shall refund to AID an amount equivalent to the amount of interest accrued.

(b) Funds obligated hereunder but not disbursed to the Grantee at the time the grant expires or is terminated, shall revert to AID, except for funds encumbered by the Grantee by a legally binding transaction applicable to this Grant. Any funds disbursed to but not expended by the Grantee at the time of expiration or termination of the Grant shall be refunded to AID.

(c) If, at any time during the life of the Grant, it is determined by AID that funds provided under the Grant have been expended for purposes not in accordance with the terms of the Grant, the Grantee shall refund such amounts to AID.

#### 5. EQUAL OPPORTUNITY IN EMPLOYMENT

(This provision is applicable to all grantees and subgrantees who either perform work in the United States or who recruit personnel in the United States to do work abroad.)

(a) With regard to the employment of persons in the U.S. under this Grant, the Grantee agrees to take all reasonable steps to ensure equality of opportunity in its employment practices without regard to race, color or national origin of such persons and that, in accordance with Title VI of the Civil Rights Act of 1964, when work funded by this Grant is performed in the U.S. no person shall, on the grounds of race, color or national origin, be excluded from participation, be denied benefits, or be subjected to discrimination. In addition, the Grantee agrees to comply in accordance with its written assurance of compliance, with the provisions of Part 209 of Chapter II, Title 22 of the Code of Federal Regulations, entitled "Non-Discrimination in Federally Assisted Programs of the Agency for International Development - Effectuation of Title VI of the Civil Rights Act of 1964."

(b) In addition, the grantee agrees to take all reasonable steps to ensure equality of opportunity in its employment practices without regard to sex, religion, age and handicap, in accordance with P.L. 92-261, P.L. 93-259, P.L. 93-112 and P.L. 93-508, when work funded by A.I.D. under this grant is performed in either the U.S. or overseas no person shall, on the grounds of sex, religion, age or handicap, be excluded from participation, be denied benefits, or be subjected to discrimination.

#### 6. NEGOTIATED OVERHEARD RATES - PREDETERMINED

(This provision is applicable to educational institutions that are on a predetermined overhead rate basis.)

(a) Notwithstanding the provision of this Grant entitled "Allowable Costs and Payment", the allowable indirect costs under this Grant shall be obtained by applying predetermined overhead rates to the base(s) agreed upon by the parties, as specified in Attachment 1 of this Grant.

(b) The Grantee, as soon as possible but not later than 3 months after the close of its fiscal year during the term of this Grant, shall submit to the AID Grant Officer with copies to the cognizant audit activity, the AID Auditor General, and the AID Overhead and Special Costs Branch, a proposed predetermined overhead rate or rates based on the Grantee's actual cost experience during that fiscal year, together with supporting cost data. Negotiation of predetermined overhead rates by the Grantee and the AID Grant Officer shall be undertaken as promptly as practicable after receipt of the Grantee's proposal.

(c) Allowability of costs and acceptability of cost allocation methods shall be determined in accordance with the provisions of Federal Management Circular 73-8, "Cost Principles for Educational Institutions", in effect on the date of this Grant.

(d) Predetermined rates appropriate for the work under this Grant in effect on the effective date of this Grant shall be incorporated into the Grant. Rates for subsequent periods shall be negotiated and the results set forth in a written overhead rate agreement executed by both parties. Such agreement shall be automatically incorporated into this Grant upon execution and shall specify (1) the agreed predetermined overhead rates, (2) the base(s) to which the rates apply, (3) the fiscal year unless the parties agree to a different period for which the rates apply, and (4) the specific items treated as direct costs or any changes in the items previously agreed to be direct costs. The overhead rate agreement shall not change any monetary ceiling, Grant obligation, or specific cost allowance or disallowance provided for in this Grant.

(e) Pending establishment of predetermined overhead rates for any fiscal year or different period agreed to by the parties, the Grantee shall be reimbursed either at the rates fixed for the previous fiscal year or other period or at billing rates acceptable to the AID Grant Officer subject to appropriate adjustment when the final rates for the fiscal year or other period are established.

(f) Any failure by the parties to agree on any predetermined overhead rate or rates under this provision shall not be considered a dispute within the meaning of the "Disputes" provision of this Grant. If for any fiscal year or other period specified in the Grant the parties fail to agree to a predetermined overhead rate or rates, it is agreed that the allowable overhead costs under this Grant shall be obtained by applying negotiated final overhead rates in accordance with the terms of the "Negotiated Overhead Rates-Educational Institutions" provision of this Grant.

7. NEGOTIATED OVERHEAD RATES - OTHER THAN EDUCATIONAL INSTITUTIONS

(This provision is applicable to other than educational institutions.)

(a) Pursuant to this provision, an overhead rate shall be established for each of the Grantee's accounting periods during the term of this Grant. Pending establishment of a final rate, the parties have agreed that provisional payments on account of allowable indirect costs shall be at the rate(s), on the base(s), and for the period shown in Attachment 1 to this Grant.

(b) The Grantee, as soon as possible but not later than 90 days after the close of each of its accounting periods during the term of this Grant, shall submit to the Grant Officer with copies to the Overhead and Special Cost Branch, Special Operations Division, Office of Contract Management, ATD, Washington, D.C. and to the Office of the Auditor General, AID, Washington, D.C., a proposed final rate or rates for the period, together with supporting cost data. Negotiation of final overhead rates by the Grantee and the Grant Officer shall be undertaken as promptly as practicable after receipt of the Grantee's proposal.

(c) Allowability of costs and acceptability of cost allocation methods shall be determined in accordance with Subpart 1-15.2

(Contracts with Commercial Organizations) of the Federal Procurement Regulations as in effect on the date of this Grant.

(d) The results of each negotiation shall be set forth in a written overhead rate agreement executed by both parties. Such agreement shall specify (1) the agreed final rates, (2) the bases to which the rates apply, and (3) the periods for which the rates apply. The overhead rate agreement shall not change any monetary ceiling, Grant obligation, or specific cost allowance or disallowance provided for in this Grant.

(e) Pending establishment of final overhead rates for any period, the Grantee shall be reimbursed either at negotiated provisional rates as provided above or at billing rates acceptable to the Grant Officer, subject to appropriate adjustment when the final rates for that period are established. To prevent substantial over or under payment, the provisional or billing rates may, at the request of either party, be revised by mutual agreement, either retroactively or prospectively. Any such revision of negotiated provisional rates provided in this provision shall be set forth in a modification to this Grant.

8. NEGOTIATED OVERHEAD RATES - EDUCATIONAL INSTITUTIONS

(This provision is applicable to educational institutions which do not have predetermined rates; however, it shall also be included when the NEGOTIATED OVERHEAD RATES - PREDETERMINED provision is used, under the conditions set forth therein.)

- (a) Pursuant to this provision, an overhead rate shall be established for each of the Grantee's accounting periods during the term of this Grant. Pending establishment of a final rate, the parties have agreed that provisional payments on account of allowable costs shall be at the rate(s), on the base(s), and for the period shown in Attachment 1 to this Grant.
- (b) The Grantee, as soon as possible but not later than 90 days after the close of each of its accounting periods during the term of this Grant, shall submit to the Grant Officer with copies to the Overhead and Special Cost Branch, Special Operations Division, Office of Contract Management, AID, Washington, D. C. and to the Office of the Auditor General, AID, Washington, D.C., a proposed final rate or rates for the period, together with supporting cost data. Negotiation of final overhead rates by the Grantee and the Grant Officer shall be undertaken as promptly as practicable after receipt of the Grantee's proposal.
- (c) Allowability of costs and acceptability of cost allocation methods shall be determined in accordance with Federal Management Circular No. 73-8, "Cost Principles for Educational Institutions", as in effect on the date of this Grant.
- (d) The results of each negotiation shall be set forth in a written overhead rate agreement executed by both parties. Such agreement shall specify (1) the agreed final rates, (2) the bases to which the rates apply, and (3) the periods for which the rates apply. The overhead rate agreement shall not change any monetary ceiling, Grant obligation, or specific cost allowance or disallowance provided for in this Grant.
- (e) Pending establishment of final overhead rates for any period, the Grantee shall be reimbursed either at negotiated provisional rates as provided above or at billing rates acceptable to the Grant Officer, subject to appropriate adjustment when the final rates for that period are established. To prevent substantial over or under payment, the provisional or billing rates may, at the request of either party, be revised by mutual agreement, either retroactively or prospectively. Any such revision of negotiated provisional rates provided in this provision shall be set forth in a modification to this Grant.

#### 9. LIMITATION OF FUNDS

~~(This provision is~~ applicable to all incrementally or partially funded grants; it becomes inapplicable when the grant is fully funded.)

- (a) It is estimated that the cost to the Government for the performance of this Grant will not exceed the estimated cost set forth in Attachment 1 (hereinafter referred to as "the Schedule") to this Grant, and the Grantee agrees to perform the work specified in the Schedule and all obligations under this Grant within such estimated cost.

(b) The amount presently available for payment and obligated under the Grant, the items covered thereby, and the period of performance which it is estimated the obligated amount will cover, are specified in the Schedule. It is contemplated that from time-to-time additional funds will be obligated under this Grant up to the full estimated cost set forth in the Schedule. The Grantee agrees to perform or have performed work on this Grant up to the point at which the total amount paid and payable by the Government pursuant to the terms of this Grant approximates but does not exceed the total amount actually obligated under the Grant.

(c) If at any time the Grantee has reason to believe that the costs which it expects to incur in the performance of this Grant in the next succeeding 30 days, when added to all costs previously incurred, will exceed 75 percent of the total amount then obligated under the Grant, the Grantee shall notify the Grant Officer in writing to that effect. The notice shall state the estimated amount of additional funds required to continue performance for the period set forth in the Schedule. Thirty days prior to the end of the period specified in the Schedule, the Grantee will advise the Grant Officer in writing as to the estimated amount of additional funds, if any, that will be required for the timely performance of the work under the Grant or for such further period as may be specified in the Schedule or otherwise agreed to by the parties. If, after such notification, additional funds are not obligated by the end of the period set forth in the Schedule or an agreed date substituted therefor, the Grant Officer will, upon written request by the Grantee, terminate this Grant pursuant to the "Termination" provision of this Grant on such date. If the Grantee, in the exercise of its reasonable judgment, estimates that the funds available will allow it to continue to discharge its obligations hereunder for a period extending beyond such date, it shall specify the later date in its request and the Grant Officer, in his discretion, may terminate this Grant on that later date.

(d) Except as required by other provisions of this Grant specifically citing and stated to be an exception from this provision, the Government shall not be obligated to reimburse the

Grantee for costs incurred in excess of the total amount obligated under the Grant, and the Grantee shall not be obligated to continue performance under the Grant (including actions under the "Termination" provision) or otherwise to incur costs in excess of the amount obligated under the Grant, unless and until the Grant Officer has notified the Grantee in writing that such obligated amount has been increased and has specified in such notice an increased amount constituting the total amount then obligated under the Grant. To the extent the amount obligated exceeds the estimated cost set forth in the Schedule, such estimated cost shall be correspondingly increased. No notice, communication or representation in any other form or from any person other than the Grant Officer shall affect the amount obligated under this Grant. In the absence of the

specified notice, the Government shall not be obligated to reimburse the Grantee for any costs in excess of the total amount then obligated under the Grant, whether those excess costs were incurred during the course of the Grant or as a result of termination. When and to the extent that the amount obligated under the Grant has been increased, any costs incurred by the Grantee in excess of the amount previously obligated shall be allowable to the same extent as if such costs had been incurred after such increase in the amount obligated: unless the Grant Officer issues a termination or other notice and directs that the increase is solely for the purpose of covering termination or other specified expenses.

(e) Nothing in this provision shall affect the right of the Government to terminate this Grant. In the event this Grant is terminated, the Government and the Grantee shall negotiate an equitable distribution of all property produced or purchased under the Grant based upon the share of cost incurred by each.

#### 10. PAYMENT - FEDERAL RESERVE LETTER OF CREDIT (FRLC) ADVANCE

(This provision is applicable when the Grantee's total AID grants and cost-reimbursement contracts exceed \$120,000 per annum and AID has, or expects to have, a continuing relationship with the Grantee for at least one year.)

(a) AID shall open a Federal Reserve Letter of Credit (hereinafter referred to as an "FRLC") in the amount of this Grant, against which the Grantee may present payment vouchers (i.e., TUS 5401). Payment vouchers shall not ordinarily be submitted more frequently than daily and shall not be less than \$5,000 or more than \$5,000,000. Since the FRLC method enables the recipient organization to obtain funds from the U.S. Treasury concurrently with and as frequently as disbursements are made by the recipient, there need be no time lag between disbursements by the recipient organization and drawdowns from the U.S. Treasury by FRLC. Therefore, there is no necessity for the recipient to maintain balances of Federal cash other than small balances.

(b) In no event shall the accumulated total of all such payment vouchers exceed the amount of the FRLC.

(c) If at any time, SER/FM determines that the Grantee has presented payment vouchers in excess of the amount or amounts allowable in (a) and (b) above, SER/FM shall advise the Grant Officer who may: (1) cause the FRLC to be suspended or revoked; or (2) direct the Grantee to withhold submission of payment vouchers until such time as, in the judgment of SER/FM, an appropriate level of actual, necessary and allowable expenditures has occurred or will occur under this Grant, and/or (3) request the Grantee to repay to AID the amount of such excess. Upon receipt of the Grant Officer's request for repayment of excess advance payments, the Grantee shall promptly contact SER/FM to make suitable arrangements for the repayment of such excess funds. Advances made by primary recipient organizations (those which receive payments directly from the Government) to secondary recipients shall conform to the same standards outlined above applicable to advances made by the Government to primary recipient organizations.

(d) Procedure for Grantee

- (1) After arranging with a commercial bank of its choice for operation under the FRLC and obtaining the name and address of the Federal Reserve Bank or branch serving the commercial bank, the Grantee shall deliver, to the AID Controller, 3 originals of Standard Form 1194, "Authorized Signature Card for Payment Vouchers on Letters of Credit" signed by those official(s) authorized to sign payment vouchers against the FRLC and by an official of the Grantee who has authorized them to sign.
- (2) The Grantee shall subsequently receive one certified copy of the FRLC.
- (3) The Grantee shall confirm with his commercial bank that the FRLC has been opened and is available when funds are needed.
- (4) To receive payment, the Grantee shall:
  - (A) Periodically, although normally not during the last five days of the month, prepare payment vouchers (Form TUS 5401) in an original and three copies.
  - (B) Have the original and two copies of the voucher signed by the authorized official(s) whose signature(s) appear on the Standard Form 1194.
  - (C) Present the original, duplicate and triplicate copy of the Form TUS 5401 to his commercial bank.
  - (D) Retain the quadruplicate copy of the voucher.
- (5) After the first payment voucher (Form TFS 5401) has been processed, succeeding payment vouchers shall not be presented until the existing balance of previous payments has been expended or is insufficient to meet current needs.
- (6) In preparing the payment voucher, the Grantee assigns a voucher number in numerical sequence beginning with 1 and continuing in sequence on all subsequent payment vouchers submitted under the FRLC.
- (7) A report of expenditures (i.e., SF 269, "Financial Status Report") shall be prepared and submitted not more than quarterly within 30 days of the end of the period to the Office of Financial Management, AID, Washington, D. C. 20523. This SF 269 Report, submitted with Standard Form 1034, "Public Voucher for Purchases and Services Other Than Personal", shall be in an original and 2 copies.
- (8) The SF 269 report is reviewed against the Grant provisions, and any improper disbursement is disallowed. The Grantee is notified of the reason for the disallowance and is directed to adjust the next periodic report of expenditures to reflect the disallowance and to reduce it, next payment voucher against the FRLC by the amount of the disallowance.

(9) In addition to the submission of the SF 269 and the SF 1034, the Grantee shall submit an original and 2 copies of SF 272, "Federal Cash Transaction Report" as follows:

(A) For advances totaling less than \$1 million per year, the Grantee shall submit the SF 272 within 15 working days after the end of the reporting quarter,

(B) For advances totaling more than \$1 million per year, the Grantee shall submit the SF 272 within 15 working days after the end of each month, and

(C) The Grantee's cash needs for the ensuing period (i.e., quarter or month) shall be explained under the "Remarks" section of the SF 272.

(e) Refund of Excess Funds

(1) If all costs have been settled under the Grant and the Grantee fails to comply with the Grant Officer's request for repayment of excess FRLC funds, the Government shall have the right, on other contracts or grants held with the Grantee, to withhold reimbursements due to the Grantee in the amount of the excess being held by the Grantee.

(2) If the Grantee is still holding excess FRLC funds on a Grant, contract, or similar instrument under which the work has been completed or terminated but all costs have not been settled, the Grantee agrees to:

(A) Provide within 30 days after requested to do so by the Grant Officer, a breakdown of the dollar amounts which have not been settled between the Government and the Grantee. (The Grant Officer will assume no costs are in dispute if the Grantee fails to reply within 30 days.)

(B) Upon written request of the Grant Officer, return to the Government the sum of dollars, if any, which represents the difference between (i) the Grantee's maximum position on claimed costs which have not been reimbursed and (ii) the total amount of unexpended funds which have been advanced under the Grant; and

(C) If the Grantee fails to comply with the Grant Officer's request for repayment of excess FRLC funds, the Government shall have the right, on other contracts, grants or similar agreements held with the Grantee, to withhold payment of FRLC or other advances and/or withhold reimbursements due the Grantee in the amount of the excess being held by the Grantee.

## 11. PAYMENT--PERIODIC ADVANCE

(This provision is applicable when the Grantee's total AID grants and cost-reimbursement contracts do not exceed \$120,000 per annum or if the advance to the Grantee aggregates more than \$120,000 per annum but there is not a continuing relationship of at least one year.)

(a) Each month (or quarter, if the Grantee is on a quarterly basis) after the initial advance, the Grantee shall submit to the AID Controller an original and 2 copies of SF 272, "Federal Cash Transactions Report" as follows:

(1) The Grantee shall submit the SF 272 within 15 working days after the end of the reporting period, and

(2) The Grantee's cash needs for the ensuing period (i.e., quarter or month) shall be explained under the "Remarks" section of the SF 272.

(b) Along with each SF 272 submission, the Grantee shall submit an original and 3 copies of SF 1034, "Public Voucher for Purchases and Services Other Than Personal"; each voucher shall be identified by the Grant number and shall state the total actual expenditures for the reporting period.

(c) Each quarterly voucher (i.e., SF 1034) or each third monthly voucher, if the Grantee is on a monthly basis, shall also be supported by an original and 2 copies of a SF 269, "Financial Status Report". The SF 269 shall be submitted within 30 days after the end of the reporting quarter and may be submitted separately from the SF 1034 and the SF 272; however, the SF 269 shall cover the same quarterly period as the SF 1034(s) and the SF 272(s).

(d) Refund of Excess Funds

(1) If all costs have been settled under the Grant and the Grantee fails to comply with the Grant Officer's request for repayment of excess advance funds, the Government shall have the right, on other contracts or grants held with the Grantee, to withhold reimbursements due to the Grantee in the amount of the excess being held by the Grantee.

(2) If the Grantee is still holding excess advance funds on a Grant, contract, or similar instrument under which the work has been completed or terminated but all costs have not been settled, the Grantee agrees to:

(A) Provide within 30 days after requested to do so by the Grant Officer, a breakdown of the dollar amounts which have not been settled between the Government and the Grantee. (The Grant Officer will assume no costs are in dispute if the Grantee fails to reply within 30 days.)

(B) Upon written request of the Grant Officer, return to the Government the sum of dollars, if any, which represents the difference between (i) the Grantee's maximum position on claimed costs which have not been reimbursed and (ii) the total amount of unexpended funds which have been advanced under the Grant; and

(C) If the Grantee fails to comply with the Grant Officer's request for repayment of excess advance funds, the Government shall have the right, on other contracts, grants or similar agreements held with the Grantee, to withhold payment of other advances and/or withhold reimbursements due the Grantee in the amount of the excess being held by the Grantee.

12. PAYMENT--REIMBURSEMENT

(This provision is applicable to grants for construction, or to grants which do not provide for either a periodic advance or an FRLC in accordance with AID Handbook 13, paragraph 10.5.)

(a) Each month the Grantee shall submit to the AID Controller an original and 3 copies of SF 1034, "Public Voucher for Purchases and Services Other Than Personal"; each voucher shall be identified by the Grant number and shall state the total amount of costs incurred for which reimbursement is being requested.

(b) In addition to the SF 1034, each non-construction grant voucher shall be supported by an original and 2 copies of SF 270, "Request for Advance or Reimbursement", and each construction grant voucher shall be supported by an original and 2 copies of SF 271, "Outlay Report and Request for Reimbursement for Construction Programs".

(c) Each quarterly voucher (or each third monthly voucher) shall also be supported by an original and 2 copies of a SF 269, "Financial Status Report". The SF 269 shall be submitted within 30 days after the end of the reporting quarter and may be submitted separately from the SF 1034; however, the SF 269 shall cover the same quarterly period as the SF 1034(s).

### 13. TRAVEL AND TRANSPORTATION

(This provision is applicable when domestic or international air travel or shipments costs are reimbursable under the Grant.)

(a) The Grant Officer hereby approves international travel hereunder provided that the Grantee shall obtain written concurrence from the cognizant Project Officer in AID prior to sending any individual outside the United States to perform work under the Grant. For this purpose the Grantee shall advise the Project Officer at least 30 days in advance of any travel to be undertaken outside the United States. After concurrence is received the Grantee shall provide the cognizant Mission or U.S. Embassy advance notification (with a copy to the Project Officer) of the arrival date and flight identification of Grant financed travellers.

(b) Travel to certain countries shall, at AID's option, be funded from U.S.-owned local currency. When AID intends to exercise this option, it will so notify the Grantee after receipt of advice of intent to travel required above. AID will issue a Government Transportation Request (GTR) which the Grantee may exchange for tickets, or AID will issue the tickets directly. Use of such U.S.-owned currencies will constitute a dollar charge to this Grant.

(c) All international air travel and all international air shipments under this Grant shall be made on United States flag carriers. Exceptions to this rule will be allowed in the following situations, provided that the Grantee certifies to the facts in the voucher and other documents retained as part of his Grant records to support his claim for reimbursement and for post audit:

(1) Where the traveler, while enroute, has to wait 6 hours or more to transfer to a U.S. flag air carrier to proceed to the intended destination, or

(2) Where a flight by a U.S. flag air carrier is interrupted by a stop anticipated to be 6 hours or more for refueling, reloading, repairs, etc. and no other flight by a U.S. flag air carrier is available during the 6 hour period, or

(3) Where by itself or in combination with other U.S. flag air carriers (if U.S. flag air carriers are "unavailable") it takes 12 hours or longer from the original airport to the destination airport to accomplish the Grantee's program than would service by a non-U.S. flag air carrier or carriers, or

(4) When the elapsed traveltime on a scheduled flight from origin to destination airports by non-U.S. flag air carrier(s) is 3 hours or less, and services by U.S. flag air carrier(s) would involve twice such traveltime.

NOTE: Where U.S. Government funds are used to reimburse Grantee's use

of other than U.S. flag air carriers for international transportation, the Grantee will include a certification on vouchers involving such transportation which is essentially as follows:

**CERTIFICATION OF UNAVAILABILITY OF U.S. FLAG AIR CARRIERS**

I hereby certify that the transportation service for personnel (and their personal effects) or property by U.S. flag air carrier was unavailable for the following reason(s): (State appropriate reason(s) as set forth above; see 41 CFR 1-1.323-3 for further guidance).

(d) Travel allowances shall be reimbursed in accordance with the Federal Travel Regulations (FTR); however, if the Grantee's domestic and international travel allowance policies and procedures have been reviewed and approved by AID or another Federal department or agency pursuant to the applicable Federal cost principles, the Grantee may use its travel allowance system in lieu of the FTRs after it has furnished the Grant Officer with a copy of such approval.

**14. OCEAN SHIPMENT OF GOODS**

(This provision is applicable when ocean shipment costs are reimbursable under the Grant.)

(a) 50% of all international ocean shipment made by the Grantee, to be financed hereunder, shall be made on U.S. flag vessels. Where U.S. flag vessels are not available, or their use would result in a significant delay, the Grantee may request a release from this requirement from the Transportation Support Division, Office of Commodity Management, AID, Washington, D.C. 20523, giving the basis for the request.

(b) When the AID Transportation Support Division makes and issues a determination to the Grantee that U.S. flag vessels are not available, the ocean shipment costs on foreign flag vessels, as named in the determination, will be eligible for reimbursement under the Grant. In all instances Grantee vouchers submitted for reimbursement under the Grant which include ocean shipment costs will include a certification essentially as follows: "I hereby certify that a copy of each ocean bill of lading concerned has been submitted to the Maritime Administration, Cargo Preference Control Center, Commerce Building, Washington, D.C. 20235, and that such bill(s) of lading state all of the carrier's charges including the basis for calculation such as weight or cubic measurement, and indicate the applicable A.I.D. Grant Number."

(c) Shipments by voluntary non-profit relief agencies (i.e., PVO's) shall be governed by paragraphs (a) and (b) above and by AID Regulation 2, "Overseas Shipments of Supplies by Voluntary Non-Profit Relief Agencies" (22 CFR 202).

15. PROCUREMENT OF GOODS AND SERVICES UNDER \$250,000  
 (This provision is applicable when the total procurement element (i.e., the sum of all purchase orders and contracts for goods and services) of this Grant does not exceed \$250,000.)

(a) Ineligible Goods and Services  
 Under no circumstances shall the Grantee procure any of the following under this Grant:

- (1) military equipment,
- (2) surveillance equipment,
- (3) commodities and services for support of police or other law enforcement activities,
- (4) abortion equipment and services,
- (5) luxury goods and gambling equipment, or
- (6) weather modification equipment.

(For a more detailed discussion of the subject, see AID Handbook 1, Supplement B, *Chapter 4D*.)

If AID determines that the Grantee has procured any of the ineligible goods and services specified above under this Grant, and has received reimbursement for such purpose, the Grantee agrees to refund to AID the entire amount of the purchase.

(b) Restricted Goods  
 The Grantee shall not procure any of the following goods or services from a non-U.S. source (i.e., other than AID Geographic Code 000) without the prior written authorization of the Grant Officer:

- (1) agricultural commodities,
- (2) motor vehicles,
- (3) pharmaceuticals,
- (4) pesticides,
- (5) plasticizers,
- (6) used equipment, or
- (7) U.S. Government-owned excess property.

(For a detailed discussion of the subject, see AID Handbook 1, Supplement B, *Chapter 4C*.)

If AID determines that the Grantee has procured any of the restricted goods specified above under this Grant, without the prior written authorization of the Grant Officer, and has received

reimbursement for such purpose, the Grantee agrees to refund to AID the entire amount of the purchase.

(c) Geographic Source and Order of Preference

Except as may be specifically approved or directed in advance by the Grant Officer *under paragraph 15(b) above, all other goods (e.g., equipment, materials, and supplies)* and services, the costs of which are to be *reimbursed* under this Grant and which will be financed with United States dollars, shall be purchased in and shipped from only "Special Free World" countries (i.e., AID Geographic Code 935) in accordance with the following order of preference:

- (1) the United States (AID Geographic Code 000),
- (2) "Selected Free World" countries (AID Geographic Code 941),
- (3) the cooperating country,
- (4) "Special Free World" countries (AID Geographic Code 935).

(d) Application of Order of Preference

When the Grantee procures goods and services from other than U.S. sources, under the order of preference in 15(c) above, it shall document its files to justify each such instance. The documentation shall set forth the circumstances surrounding the procurement and shall be based on one or more of the following reasons, which will be set forth in the Grantee's documentation:

- (1) the procurement was of an emergency nature, which would not allow for the delay attendant to soliciting U.S. sources,
- (2) the price differential for procurement from U.S. sources exceeded by 50% or more the delivered price from the non-U.S. source,
- (3) impelling local political considerations precluded consideration of U.S. sources,
- (4) the goods or services were not available from U.S. sources, or
- (5) procurement of locally available goods or services, as opposed to procurement of U.S. goods and services, would best promote the objectives of the Foreign Assistance Program under the Grant.

(e) The Grantee's Procurement System

(1) The Grantee may use its own procurement policies and procedures provided they conform to the geographic source and order of preference requirements of this provision and paragraphs 3 and 4, Attachment 0 of OMB Circular No. A-110.

(2) If the Grantee's procurement policies and procedures have been reviewed against the procurement requirements of paragraphs 3 and 4 of Attachment 0 to OMB Circular No. A-110 and have been approved by

AID or another Federal department or agency, the Grantee shall furnish the Grant Officer a copy of such approval; otherwise the Grantee's procurement policies and procedures shall conform to the specified requirements of OMB Circular No. A-110. (See AID Handbook 13, Chapter 1, paragraph 1U.)

(f) Small Business

To permit AID, in accordance with the small business provisions of the Foreign Assistance Act of 1961, as amended, to give United States small business firms an opportunity to participate in supplying commodities and services procured under this Grant, the Grantee, shall, to the maximum extent possible, provide the following information to the Small Business Office, AID, Washington, D.C. 20523 at least 45 days prior (except where a shorter time is requested of, and granted by the Small Business Office) to placing any order or contract in excess of \$25,000:

- (1) Brief general description and quantity of goods or services;
- (2) Closing date for receiving quotations, proposals, or bids; and
- (3) Address where invitations or specifications can be obtained.

(g) Ineligible Suppliers

Funds provided under this Grant shall not be used to procure any commodity or commodity-related services furnished by any supplier whose name appears on the List of Ineligible Suppliers under AID Regulation 8, "Suppliers of Commodities and Commodity-Related Services Ineligible for AID Financing" (22 CFR 208). The Grantee agrees to review said list prior to undertaking any procurement the cost of which is to be reimbursable under this Grant. AID will provide the Grantee with this list.

16. PROCUREMENT OF GOODS AND SERVICES OVER \$250,000

(RESERVED)

17. GOVERNMENT FURNISHED EXCESS PERSONAL PROPERTY

(This provision applies when personal property is furnished under the Grant.)

The policies and procedures of Handbook 16, "Excess Property", and the appropriate provisions of 41 CFR 101-43 apply to the Government furnished excess property under this Grant.

18. TITLE TO AND USE OF PROPERTY (GRANTEE TITLE)

(This provision is applicable when the Government vests title in the Grantee only.)

Title to all property financed under this Grant shall vest in the Grantee, subject to the following conditions:

(a) The Grantee shall not charge for any depreciation, amortization, or use of any property, title to which remains in the Grantee under this provision under this Grant or any other U.S. Government grant, subgrant, contract or subcontract.

(b) The Grantee agrees to use and maintain the property for the purpose of the Grant in accordance with the requirements of paragraph 1T of Chapter 1, Handbook 13.

(c) With respect to nonexpendable property having an acquisition cost of \$1,000 or more, title to which vests in the Grantee, the Grantee agrees:

(1) To report such items to the Grant Officer from time to time as they are acquired and to maintain a control system which will permit their ready identification and location.

(2) To transfer title to any such items to the Government in accordance with any written request therefor issued by the Grant Officer at any time prior to final payment under this Grant.

19. TITLE TO AND CARE OF PROPERTY (U.S. GOVERNMENT TITLE)

(This provision is applicable when title to property is vested in the U.S. Government.)

(a) Property, title to which vests in the Government under this Grant, whether furnished by the Government or acquired by the Grantee, is subject to this provision and is hereinafter collectively referred to as "Government property." Title to Government property shall not be affected by the incorporation or attachment thereof to any property not owned by the Government, nor shall such Government property, or any part thereof, be or become a fixture or lose its identity as personalty by reason of affixation to any realty.

(b) Use of Government Property

Government property shall, unless otherwise provided herein or approved by the Grant Officer, be used only for the performance of this Grant.

(c) Control, Maintenance and Repair of Government Property

The Grantee shall maintain and administer in accordance with sound business practice a program for the maintenance, repair, protection, and preservation of Government property so as to assure its full availability and usefulness for the performance of this Grant. The Grantee shall take all reasonable steps to comply with all appropriate directions or instructions which the Grant Officer may prescribe as reasonably necessary for the protection of the Government property.

The Grantee shall submit, for review and written approval of the Grant Officer, a records system for property control and a program for orderly maintenance of Government property; however, if the Grantee's property control and maintenance system has been reviewed and approved by another Federal department or agency pursuant to Attachment N of OMB Circular No. A-110 (see paragraph 1T of Chapter 1, Handbook 13), the Grantee shall furnish the Grant Officer proof of such approval in lieu of another approval submission.

(1) Property Control

The property control system shall include but not be limited to the following:

(A) Identification of each item of Government property acquired or furnished under the Grant by a serially controlled identification number and by description of item. Each item must be clearly marked "Property of U.S. Government."

(B) The price of each item of property acquired or furnished under the Grant.

(C) The location of each item of property acquired or furnished under the Grant.

(D) A record of any usable components which are permanently removed from items of Government property as a result of modification or otherwise.

(E) A record of disposition of each item acquired or furnished under the Grant.

(F) Date of order and receipt of any item acquired or furnished under the Grant.

The official property control records shall be kept in such condition that at any stage of completion of the work under this Grant, the status of property acquired or furnished under this Grant may be readily ascertained. A report of current status of all items of property acquired or furnished under the Grant shall be submitted yearly concurrently with the annual report.

(2) Maintenance Program

The Grantee's maintenance program shall be such as to provide for, consistent with sound business practice and the terms of the Grant:

(i) disclosure of need for and the performance of preventive maintenance, (ii) disclosure and reporting of need for capital type rehabilitation, and (iii) recording of work accomplished under the program.

(A) Preventive maintenance - Preventive maintenance is maintenance generally performed on a regularly scheduled basis to prevent the occurrence of defects and to detect and correct minor defects before they result in serious consequences.

(B) Records of maintenance - The Grantee's maintenance program shall provide for records sufficient to disclose the maintenance actions performed and deficiencies discovered as a result of inspections.

A report of status of maintenance of Government property shall be submitted annually concurrently with the annual report.

(d) Risk of Loss

(1) The Grantee shall not be liable for any loss of or damage to the Government property, or for expenses incidental to such loss or damage except that the Grantee shall be responsible for any such loss or damage (including expenses incidental thereto):

(i) Which results from willful misconduct or lack of good faith on the part of any of the Grantee's directors or officers, or on the part of any of its managers, superintendents, or other equivalent representatives, who have supervision or direction of all or substantially all of the Grantee's business, or all or substantially all of the Grantee's operations at any one plant, laboratory, or separate location in which this Grant is being performed;

- (ii) Which results from a failure on the part of the Grantee, due to the willful misconduct or lack of good faith on the part of any of its directors, officers, or other representatives mentioned in (i) above, (A) to maintain and administer, in accordance with sound business practice, the program for maintenance, repair, protection, and preservation of Government property as required by (i) above, or (B) to take all reasonable steps to comply with any appropriate written directions of the Grant Officer under (c) above;
- (iii) For which the Grantee is otherwise responsible under the express terms of the article or articles designated in Attachment A to this Grant.
- (iv) Which results from a risk expressly required to be insured under some other provision of this Grant, but only to the extent of the insurance so required to be procured and maintained, or to the extent of insurance actually procured and maintained, whichever is greater; or
- (v) Which results from a risk which is in fact covered by insurance or for which the Grantee is otherwise reimbursed, but only to the extent of such insurance or reimbursement;

Provided, that, if more than one of the above exceptions shall be applicable in any case, the Grantee's liability under any one exception shall not be limited by any other exception.

(2) The Grantee shall not be reimbursed for, and shall not include as an item of overhead, the cost of insurance, or any provision for a reserve, covering the risk of loss of or damage to the Government property, except to the extent that the Government may have required the Grantee to carry such insurance under any other provision of this Grant.

(3) Upon the happening of loss or destruction of or damage to the Government property, the Grantee shall notify the Grant Officer thereof, shall take all reasonable steps to protect the Government property from further damage, separate the damaged and undamaged Government property, put all the Government property in the best possible order, and furnish to the Grant Officer a statement of:

- (i) The lost, destroyed, and damaged Government property;
- (ii) The time and origin of the loss, destruction, or damage;
- (iii) All known interests in commingled property of which the Government property is a part; and
- (iv) The insurance, if any, covering any part of or interest in such commingled property.

The Grantee shall make repairs and renovations of the damaged Government property or take such other action as the Grant Officer directs.

(4) In the event the Grantee is indemnified, reimbursed, or otherwise compensated for any loss or destruction of or damage to the Government property, it shall use the proceeds to repair, renovate or replace the Government property involved, or shall credit such proceeds against the cost of the work covered by the Grant, or shall otherwise reimburse the Government, as directed by the Grant Officer. The Grantee shall do nothing to prejudice the Government's right to recover against third parties for any such loss, destruction, or damage, and upon the request of the Grant Officer, shall, at the Government's expense, furnish to the Government all reasonable assistance and cooperation (including assistance in the prosecution of suit and the execution of instruments of assignments in favor of the Government) in obtaining recovery.

(e) Access

The Government, and any persons designated by it, shall at all reasonable times have access to the premises wherein any Government property is located, for the purpose of inspecting the Government property.

(f) Final Accounting and Disposition of Government Property

Upon completion of this Grant, or at such earlier dates as may be fixed by the Grant Officer, the Grantee shall submit, in a form acceptable to the Grant Officer, inventory schedules covering all items of Government property not consumed in the performance of this Grant or not theretofore delivered to the Government, and shall prepare, deliver, or make such other disposal of the Government property as may be directed or authorized by the Grant Officer.

(g) Communications

All communications issued pursuant to this provision shall be in writing.

20. TITLE TO AND CARE OF PROPERTY (COOPERATING COUNTRY TITLE)

(This provision is applicable to property titled in the name of the cooperating country or such public or private agency as the cooperating government may designate.)

(a) Except as modified by Attachment 1 of this Grant, title to all equipment, materials and supplies, the cost of which is reimbursable to the Grantee by AID or by the Cooperating Government, shall at all times be in the name of the Cooperating Government or such public or private agency as the Cooperating Government may designate, unless title to specified types or classes of equipment is reserved to AID under provisions set forth in the Attachment 1 of this Grant; but all such property shall be under the custody and control of Grantee until the owner of title directs otherwise or completion of work under this Grant or its termination, at which time custody and control shall be turned over to the owner of title or disposed of in accordance with its instructions. All performance guarantees and warranties obtained for suppliers shall be taken in the name of the title owner.

(b) The Grantee shall prepare and establish a program, to be approved by the Mission, for the receipt, use, maintenance, protection, custody and care of equipment, materials and supplies for which it has custodial responsibility, including the establishment of reasonable controls to enforce such program. The Grantee shall be guided by the requirements of paragraph 1T of Chapter 1, Handbook 13.

(c) Within 90 days after completion of this Grant, or at such other date as may be fixed by the Grant Officer, the Grantee shall submit an inventory schedule covering all items of equipment, materials and supplies under his custody, title to which is in the Cooperating Government or public or private agency designated by the Cooperating Government, which have not been consumed in the performance of this Grant. The Grantee shall also indicate what disposition has been made of such property.

21. CONVERSION OF UNITED STATES DOLLARS TO LOCAL CURRENCY

Upon arrival in the Cooperating Country, and from time to time as appropriate, the Grantee's Chief of Party shall consult with the Mission Director who shall provide, in writing, the procedure the Grantee and its employees shall follow in the conversion of United States dollars to local currency. This may include, but is not limited to, the conversion of said currency through the cognizant United States Disbursing Officer or Mission Controller, as appropriate.

## 22. TERMINATION

(a) For Cause. This Grant may be terminated for cause at any time, in whole or in part, by the Grant Officer upon written notice to the Grantee, whenever for any reason he/she shall determine that such termination is in the best interest of the Government.

(b) For Convenience. This Grant may be terminated for convenience at any time by either party, in whole or in part, if both parties agree that the continuation of the Grant would not produce beneficial results commensurate with the further expenditure of funds. Both parties shall agree upon termination conditions, including the effective date and, in the case of partial terminations, the portion to be terminated. The agreement to terminate shall be set forth in a letter from the Grant Officer to the Grantee.

(c) Termination Procedures. Upon receipt of and in accordance with a termination notice as specified in either paragraph (a) or (b) above, the Grantee shall forthwith take immediate action to minimize all expenditures and obligations financed by this Grant, and shall cancel such unliquidated obligations whenever possible. Except as provided below, no further reimbursement shall be made after the effective date of termination, and the Grantee shall within 30 calendar days after the effective date of such termination repay to the Government all unexpended portions of funds theretofore paid by the Government to the Grantee which are not otherwise obligated by a legally binding transaction applicable to this Grant. Should the funds paid by the Government to the Grantee prior to effective date of the termination of this Grant, be insufficient to cover the Grantee's obligations pursuant to the aforementioned legally binding transaction, the Grantee may submit to the Government within 90 calendar days after the effective date of such termination a written claim covering such obligations, and, subject to the limitations contained in this Grant, the Grant Officer shall determine the amount or amounts to be paid by the Government to the Grantee under such claim in accordance with the applicable Federal cost principles.

23. VOLUNTARY PARTICIPATION

(This provision is applicable to all grants involving any aspect of family or population assistance activities, and all Title X grants in particular.)

(a) The Grantee agrees to take any steps necessary to ensure that funds made available under this grant will not be used to coerce any individual to practice methods of family planning inconsistent with such individuals' moral, philosophical, or religious beliefs. Further, the Grantee agrees to conduct its activities in a manner which safeguards the rights, health and welfare of all individuals who take part in the program.

(b) The Grantee shall insert paragraphs (a) and (b) of this provision in all subgrants, subcontracts, purchase orders, and any other subordinate agreements hereunder.

24. PROHIBITION ON ABORTION-RELATED ACTIVITIES

(This provision is applicable to all grants involving any aspect of family or population assistance activities, and all Title X grants in particular.)

(a) No funds made available under this Grant will be used to finance, support, or be attributed to the following activities: (1) procurement or distribution of equipment intended to be used for the purpose of inducing abortions as a method of family planning; (2) special fees or incentives to women to coerce or motivate them to have abortions; (3) payments to persons to perform abortions or to solicit persons to undergo abortions; (4) information, education, training, or communication programs that seek to promote abortion as a method of family planning.

(b) The Grantee shall insert paragraphs (a) and (b) of this provision in all subgrants, subcontracts, purchase orders, and any other subordinate agreements hereunder.

25. VOLUNTARY PARTICIPATION REQUIREMENTS FOR STERILIZATION PROGRAMS

(This provision is applicable when any surgical sterilization will be supported in whole or in part from funds under this Grant.)

(a) None of the funds made available under this grant shall be used to pay for the performance of involuntary sterilization as a method of family planning or to coerce or provide any financial incentive to any person to practice sterilization.

(b) The Grantee shall insure that any surgical sterilization procedures supported in whole or in part by funds from this grant are performed only after the individual has voluntarily presented himself or herself at the treatment facility and has given his or her informed consent to the sterilization procedure. Informed consent means the voluntary, knowing assent from the individual after he or she has been advised of the surgical procedures to be followed, the attendant discomforts and risks, the benefits to be expected, the availability of alternative methods of family planning, the purpose of the operation and its irreversibility, and his or her option to withdraw consent anytime prior to the operation. An individual's consent is considered voluntary if it is based upon the

exercise of free choice and is not obtained by any special inducement or any element of force, fraud, deceit, duress or other forms of coercion or misrepresentation.

(c) Further, the Grantee shall document the patient's informed consent by (1) a written consent document in a language the patient understands and speaks, which explains the basic elements of informed consent, as set out above, and which is signed by the individual and by the attending physician or by the authorized assistant of the attending physician; or (2) when a patient is unable to read adequately a written certification by the attending physician or by the authorized assistant of the attending physician that the basic elements of informed consent above were orally presented to the patient, and that the patient thereafter consented to the performance of the operation. The receipt of the oral explanation shall be acknowledged by the patient's mark on the certification and by the signature or mark of a witness who shall be of the same sex and speak the same language as the patient.

(d) Copies of informed consent forms and certification documents for each voluntary sterilization (VS) procedure must be retained by the Grantee for a period of three years after performance of the sterilization procedure.

(e) The Grantee shall insert paragraphs (a), (b), (c), (d) and (e) of this provision in all subgrants, subcontracts, purchase orders, and any other subordinate agreements hereunder involving the performance of any sterilization which will be supported in whole or in part from funds under this Grant.

## 26. PUBLICATIONS

(This provision is applicable to any grant which produces any book, publication, or other copyrightable materials.)

(a) If it is the Grantee's intention to identify AID's contribution to any publication resulting from this Grant, the Grantee shall consult with AID on the nature of the acknowledgement prior to publication.

(b) The Grantee shall provide the Project Manager with one copy of all published works developed under the Grant. The Grantee shall provide the Project Manager with lists of other written work produced under the Grant.

(c) In the event Grant funds are used to underwrite the cost of publishing, in lieu of the publisher assuming this cost as is the normal practice, any profits or royalties up to the amount of such cost shall be credited to the Grant.

(d) The Grantee is permitted to secure copyright to any publication produced or composed under the Grant in accordance with paragraph 1T8.b. of Chapter 1, Handbook 13. Provided, the Grantee agrees to and does hereby grant to the Government a royalty-free, non-exclusive and irrevocable license throughout the world to use, duplicate, disclose, or dispose of such publications in any manner and for any purpose and to permit others to do so.

27 PATENTS

(This provision is applicable to any Grant which produces patentable items, patent rights, processes, or inventions.)

(a) Grantee agrees to notify the Grant Officer, in writing, of any invention or discovery conceived or first actually reduced to practice in the course of or under this Grant. The Grant Officer will determine the patent rights to be afforded the Grantee in accordance with the Presidential Memorandum and Statement of Government Patent Policy (36 FR 16889) and paragraph 1T8.a. of Chapter 1, Handbook 13.

(b) Nothing contained in this provision shall imply a license to the Government under any patent or be construed as affecting the scope of any license or other right otherwise granted to the Government under any patent.

28. REGULATIONS GOVERNING EMPLOYEES OUTSIDE THE UNITED STATES

(This provision is applicable only to the Grantee's U.S. and third country national employees; it is not applicable to the Grantee's cooperating country national employees.)

(a) The Grantee's employees, when employed in work overseas, shall maintain private status and may not rely on local U.S. Government Offices or facilities for support while so engaged.

(b) The sale of personal property or automobiles by Grantee employees and their dependents in the foreign country to which they are assigned shall be subject to the same limitations and prohibitions which apply to direct-hire AID personnel employed by the mission, except as this may conflict with host government regulations.

(c) Other than work to be performed under this Grant for which an employee or consultant is assigned by the Grantee, no regular or short term employee or consultant of the Grantee shall engage directly or indirectly, either in his own name or in the name or through an agency of another person, in any business, profession, or occupation in the foreign countries to which he is assigned, nor shall he make loans or investments to or in any business, profession or occupation in the foreign countries to which he is assigned.

(d) The Grantee's employees, while in a foreign country, are expected to show respect for its conventions, customs, and institutions, to abide by its applicable laws and regulations, and not to interfere in its internal political affairs.

(e) In the event the conduct of any Grantee employee is not in accordance with the preceding paragraphs, the Grantee's chief of party shall consult with the Mission Director and the employee involved and shall recommend to the Grantee a course of action with regard to such employee.

(f) The parties recognize the right of the U.S. Ambassador to direct the removal from a country of any U.S. citizen or the discharge from this Grant of any third country national when, in the discretion of the Ambassador, the interests of the United States so require.

(g) If it is determined, under either (e) or (f) above, that the services of such employee shall be terminated, the Grantee shall use its best efforts to cause the return of such employee to the United States, or point of origin, as appropriate.

### 29. SUBORDINATE AGREEMENTS

The placement of subordinate agreements (e.g., leases, options, etc.), grants, or contracts with other organizations, firms or institutions and the provisions of such subordinate agreements are subject to prior written consent of the Grant Officer if they will be funded hereunder, unless the Grantee's procurement system has been reviewed and approved pursuant to the appropriate section(s) of paragraph 1U, Chapter 1 of AID Handbook 13. In no event shall any such subordinate agreement, grant, or contract be on a cost-plus-a-percentage-of-cost basis. Subordinate contractors (including suppliers) shall be selected on a competitive basis to the maximum practicable extent consistent with the obligations and requirements of this Grant.

### 30. U.S. OFFICIALS NOT TO BENEFIT

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

### 31. COVENANT AGAINST CONTINGENT FEES

The Grantee warrants that no person or selling agency has been employed or retained to solicit or secure this Grant upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee except bona fide employees or bona fide established commercial or selling agencies maintained by the Grantee for the purpose of securing business. For breach or violation of this warranty, AID shall have the right to cancel this Grant without liability or, in its discretion, to deduct from the Grant amount, or otherwise recover, the full amount of each commission, percentage, brokerage, or contingent fee.

### 32. NONLIABILITY

AID does not assume liability with respect to any third party claims for damages arising out of work supported by this Grant.

### 33. AMENDMENT

The Grant may be amended by formal modifications to the basic grant document or by means of an exchange of letters between the Grant Officer and an appropriate official of the Grantee.

34. THE GRANT

The letter to the Grantee signed by the Grant Officer, the Program Description and the Standard Provisions which have been reviewed and agreed to by the Grantee, constitute the Grant.

35. NOTICES

Any notice given by any of the parties hereunder, shall be sufficient only if in writing and delivered in person or sent by telegraph, cable, registered or regular mail as follows:

To the AID Grant Officer at the address specified in the Grant

To Grantee - At Grantee's address shown in the Grant,

or to such other address as either of such parties shall designate by notice given as herein required. Notices hereunder shall be effective when delivered in accordance with this provision, or on the effective date of the notice, whichever is later.

DEFINITIONS

1. "Grant Officer" shall mean the person executing the Grant on behalf of the United States Government, and any other government employee who is a properly designated Grant Officer; and the term includes, except as otherwise provided in the Grant, the authorized representative of a Grant Officer acting within the limits of his authority.
2. "Project Officer" shall mean the person in the AID Scientific/Technical Office *that* has primary program responsibility for the Grant.
3. "Local currency" shall mean the currency of the country in which activities under the Grant take place.
4. "AID" shall mean the Agency for International Development.
5. "Administrator" shall mean the Administrator or Deputy Administrator of the Agency for International Development.
6. "Government" shall mean the Government of the United States.
7. "Mission" shall mean the United States AID Mission to, or principal AID office, in the country in which a project takes place.
8. "PIO/T" - Project Implementation Order/Technical Services
9. "Cognizant technical office" - The AID Scientific/Technical office having primary program responsibility for the Grant - the office *that* is sponsoring the Grant - usually within the Bureau or Office from which the funds were authorized.
10. "Cognizant Project Officer" - The individual within the cognizant technical office who has responsibility for direct relationship with the Grantee on program related matters.
11. "OMB Circular A-110" shall mean Office of Management and Budget Circular No. A-110, "Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations - Uniform Administrative Standards" (41 FR 32016, as amended).
12. "Recipient", *particularly for the purposes of OMB Circular No. A-110, shall mean* any U.S. public, quasi-public, or private: institution of higher education; hospital; or other nonprofit organization (such as but not limited to community action agencies, educational associations, health centers, etc.); which receives a grant or agreement from AID. The term does not include any foreign, public, private, or international organization (such as agencies of the United Nations) or any U.S. profit making organization.

13. "Subrecipients", particularly for the purposes of OMB Circular No. A-110, shall mean any U.S. public, quasi-public, or private: institution of higher education; hospital; or other nonprofit organization (such as but not limited to community action agencies, educational associations, health centers, etc.); which receives a subgrant or subcontract under an AID prime grant or agreement. The term does not include any foreign, public, private, or international organization (such as agencies of the United Nations) or any U.S. profit making organization.

14. "Agreement" shall mean any assistance type instrument like a Cooperative Agreement, that is not subject to 41 CFR 1 and 41 CFR 7 (e.g., the FPR's and the AIDPR's).

15. "Applicable Federal cost principles" - shall mean either (1) Federal Management Circular No. 73-8 for educational institutions, or (2) 41 CFR 1-15.2 for all other private, nonprofit organizations.

16. "CFR" shall mean the Code of Federal Regulations. The CFR's are published by the Office of the Federal Register and are sold by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

17. "Non-U.S. Grantee" shall mean any private, foreign, nonprofit organization that is excluded from the definition of "Recipient" under para.12 of this Attachment, which receives an AID grant or agreement.

18. "Non-U.S. Subgrantee" shall mean any private, foreign, nonprofit organization that is excluded from the definition of "Subrecipient" under para. 13 of this Att., which receives a subgrant or subcontract under an AID prime grant or agreement.

19. Program income represents gross income earned by the recipient from AID supported activities. Such earnings exclude interest earned on advances and include, but will not be limited to, income from service fees, sale of commodities, usage or rental fees, and royalties on patents and copyrights.

20. Project costs. - Project costs are all allowable costs (as set forth in the applicable Federal cost principles) incurred by a recipient or subrecipient and the value of the in-kind contributions made by the recipient, subrecipient, or third parties in accomplishing the objectives of the grant or agreement during the project or program period.

21. Cost sharing and matching. - In general, cost sharing and matching represent that portion of project or program costs not borne by AID.

22. Cash contributions. - Cash contributions represent the recipient's or subrecipient's cash outlay, including the outlay of money contributed to the recipient or subrecipient by non-Federal third parties.

23. In-kind contributions. - In-kind contributions represent the value of noncash contributions provided by the recipient, subrecipient, and non-Federal third parties. Only when authorized by Federal legislation, may property purchased with Federal funds be considered as the recipient's in-kind contributions. In-kind contributions may be in the form of charges for real property and nonexpendable personal property, and the value of goods and services directly benefiting and specifically identifiable to the project or program.

24. Accrued expenditures. - Accrued expenditures are the charges incurred by the recipient during a given period requiring the provision of funds for: (1) goods and other tangible property received; (2) services performed by employees, contractors, subrecipients, and other payees, and (3) other amounts becoming owed under programs for which no current services or performance is required.

25. Accrued income. - Accrued income is the sum of (1) earnings during a given period from (i) services performed by the recipient and (ii) goods and other tangible property delivered to purchasers and (2) amounts becoming owed to the recipient for which no current services or performance is required by the recipient.

26. AID funds authorized. - AID funds authorized are the total amount of AID funds obligated by the Government for use by the recipient. This amount may include any authorized carry-over of unobligated funds from prior fiscal years when permitted by law or AID regulation.

27. Obligations. - Obligations are the amounts of orders placed, contracts and grants awarded, services received, and similar transactions during a given period that will require payment by the recipient during the same or a future period.

28. Outlays. - Outlays or expenditures represent charges made to the project or program. They may be reported on a cash or accrual basis. For reports prepared on a cash basis, outlays are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expense charged, the value of in-kind contributions applied, and the amount of cash advances and payments made to subrecipients. For reports prepared on an accrual basis, outlays are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expense incurred, the value of in-kind contributions applied, and the net increase (or decrease) in the amounts owed by the recipient for goods and other property received, for services performed by employees, contractors, subrecipients, and other payees and other amounts becoming owed under programs for which no current services or performance are required.

29. Program income. - Program income is defined in paragraph 19. of this Attachment. It may be reported on a cash or accrual basis, whichever is used for reporting outlays.

30. Unobligated balance. - The unobligated balance is the portion of the funds authorized by AID that has not been obligated by the recipient and is determined by deducting the cumulative obligations from the cumulative funds authorized.
31. Unliquidated obligations. - For reports prepared on a cash basis, unliquidated obligations represent the amount of obligations incurred by the recipient that has not been paid. For reports prepared on an accrued expenditure basis, they represent the amount of obligations incurred by the recipient for which an outlay has not been recorded.
32. Federal Reserve Letter of Credit (FRLC). - A FRLC is an instrument certified by an authorized official of AID that authorizes a recipient to draw funds when needed from the Treasury, through a Federal Reserve bank and the recipient's commercial bank, in accordance with the provisions of Treasury Circular No. 1075, as revised.
33. Periodic Advance by Treasury Check. - A periodic advance by Treasury check is a payment made by a Treasury check to a recipient upon its request before outlays are made by the recipient, or through the use of predetermined payment schedules.
34. Reimbursement by Treasury Check. - A reimbursement by Treasury check is a Treasury check paid to a recipient upon request for reimbursement from the recipient.
35. Closeout. - The closeout of a grant or agreement is the process by which AID determines that all applicable administrative actions and all required work of the grant or agreement have been completed by the recipient and AID.
36. Date of completion. - The date of completion is the date on which all work under grants and agreements is completed or the date on the award document, or any supplement or amendment thereto, on which AID sponsorship ends.
37. Disallowed costs. - Disallowed costs are those charges to a grant or agreement that AID or its representative determines to be unallowable, in accordance with the applicable Federal cost principles or other conditions contained in the grant or agreement.
38. Termination. - The termination of a grant or agreement means the cancellation of AID sponsorship, in whole or in part, under a grant or agreement at any time prior to the date of completion.
39. Suspension. - The suspension of a grant or agreement is an action by the AID grant officer that temporarily suspends AID sponsorship under the grant or agreement, pending corrective action by the recipient or pending a decision to terminate the grant or agreement by the AID Project Office.

40. Real property. - Real property means land, including land improvements, structures, and appurtenances thereto, but excluding movable machinery and equipment.
41. Personal property. - Personal property of any kind except real property. It may be tangible -- having physical existence, or intangible -- having no physical existence, such as patents, inventions, and copyrights.
42. Nonexpendable personal property. - Nonexpendable personal property means tangible personal property having a useful life of more than one year and an acquisition cost of \$300 or more per unit except that recipients subject to Cost Accounting Standards Board regulations may use the CASB standard of \$500 per unit and useful life of two years. A recipient may use its own definition of nonexpendable personal property provided that the definition would at least include all tangible personal property as defined above.
43. Expendable personal property. - Expendable personal property refers to all tangible personal property other than nonexpendable property.
44. Excess property. - Excess property means property under the control of any Federal agency that, as determined by the head thereof, is no longer required for its needs or the discharge of its responsibilities.
45. Acquisition cost of purchased nonexpendable personal property. Acquisition cost of an item of purchased nonexpendable personal property means the net invoice unit price of the property including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the property usable for the purpose for which it was acquired. Other charges such as the cost of installation, transportation, taxes, duty or protective in-transit insurance shall be included or excluded from the unit acquisition cost in accordance with the recipient's regular accounting practices.
46. Exempt property. - Exempt property means tangible personal property acquired in whole or in part with Federal funds, and title to which is vested in the recipient without further obligation to the Federal Government. Such unconditional vesting of title will be pursuant to any Federal legislation that provides AID with adequate authority.
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ASSURANCE OF COMPLIANCE WITH THE AGENCY FOR  
INTERNATIONAL DEVELOPMENT REGULATION UNDER TITLE VI  
OF THE CIVIL RIGHTS ACT OF 1964

The Cooperative League of U. S. A. (hereinafter called the "Grantee")  
(Name of Grantee)

HEREBY AGREES THAT it will comply with Title VI of the Civil Rights Act of 1964 (P.L. 88-352) and all requirements imposed by or pursuant to the Regulation of the Agency for International Development (22 CFR Part 209, 30 FR 317) issued pursuant to that title, to the end that, in accordance with Title VI of that Act and the Regulation, no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the Grantee receives Federal financial assistance from the Agency; and HEREBY GIVES ASSURANCE THAT it will immediately take any measures necessary to effectuate this agreement.

If any real property or structure thereon is provided or improved with the aid of Federal financial assistance extended to the Grantee by the Agency, this assurance shall obligate the Grantee, or in the case of any transfer of such property, any transferee, for the period during which the real property or structure is used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits. If any personal property is so provided, this assurance shall obligate the Grantee for the period during which it retains ownership or possession of the property. In all other cases, this assurance shall obligate the Grantee for the period during which the Federal financial assistance is extended to it by the Agency.

THIS ASSURANCE is given in consideration of and for the purpose of obtaining any and all Federal grants, loans, contracts, property, discounts or other Federal financial assistance extended after the date hereof to the Grantee by the Agency, including installment payments after such date on account of applications for Federal financial assistance which were approved before such date. The Grantee recognizes and agrees that such Federal financial assistance will be extended in reliance on the representations and agreements made in this assurance, and that the United States shall have the right to seek judicial enforcement of this assurance. This assurance is binding on the Grantee, its successors, transferees, and assignees, and the person or persons whose signatures appear below are authorized to sign this assurance on behalf of the Grantee.

CLUSA

(Grantee)

BY (Signature)

M. Rex Wingard

TYPED NAME

M. Rex Wingard

TITLE Resident Representative

DATE Aug. 30, 1978

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(Name of Grantee)

HEREBY AGREES THAT it will comply with Title VI of the Civil Rights Act of 1964 (P.L. 88-352) and all requirements imposed by or pursuant to the Regulation of the Agency for International Development (22 CFR Part 209, 30 FR 317) issued pursuant to that title, to the end that, in accordance with Title VI of that Act and the Regulation, no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the Grantee receives Federal financial assistance from the Agency; and HEREBY GIVES ASSURANCE THAT it will immediately take any measures necessary to effectuate this agreement.

If any real property or structure thereon is provided or improved with the aid of Federal financial assistance extended to the Grantee by the Agency, this assurance shall obligate the Grantee, or in the case of any transfer of such property, any transferee, for the period during which the real property or structure is used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits. If any personal property is so provided, this assurance shall obligate the Grantee for the period during which it retains ownership or possession of the property. In all other cases, this assurance shall obligate the Grantee for the period during which the Federal financial assistance is extended to it by the Agency.

THIS ASSURANCE is given in consideration of and for the purpose of obtaining any and all Federal grants, loans, contracts, property, discounts or other Federal financial assistance extended after the date hereof to the Grantee by the Agency, including installment payments after such date on account of applications for Federal financial assistance which were approved before such date. The Grantee recognizes and agrees that such Federal financial assistance will be extended in reliance on the representations and agreements made in this assurance, and that the United States shall have the right to seek judicial enforcement of this assurance. This assurance is binding on the Grantee, its successors, transferees, and assignees, and the person or persons whose signatures appear below are authorized to sign this assurance on behalf of the Grantee.

CLUSA

(Grantee)

BY(Signature)

M. Rex Wingard

TYPED NAME

M. Rex Wingard

TITLE Resident Representative

DATE Aug. 30, 1978