PD-AAL-012
ISN 11602

AID PROJECT 598-0591

PROYECTO AID 598-0591

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LIMITED SCOPE GRANT PROJECT AGREEMENT

CONVENIO DE PROYECTO DE DONACION DE ALCANCE LIMITADO

BETWEEN THE UNITED STATES OF AMERICA, ACTING THROUGH THE AGENCY FOR INTERNATIONAL DEVELOPMENT (AID)

ENTRE LOS ESTADOS UNIDOS DE AMÉRICA, ACTUANDO POR MEDIO DE LA AGENCIA PARA EL DESARROLLO INTERNACIONAL (AID)

AND

Y

EL SALVADOR, C.A.

FOR

PARA

LAC HUMAN RIGHTS INITIATIVE (SALVADORAN ELECTION OBSERVER PROGRAM)

INICIATIVA DE DERECHOS HUMANOS EN LATINOAMERICA (PROGRAMA DE OBSERVADORES A ELECCIONES EN EL SALVADOR)

DATE: March 12, 1982

FECHA: 12 de marzo, 1982

Project Title: LAC Human Rights Initiative
(Salvadoran Election Observer Program)

Project Number: 598-0591

Clearances:

Officer		Date
POL: RDriscoll		3/12/82
POL: MSenko		3-12-82
DPO: WHFaulkner		3-12-82
CONT: WRoss		3-12-82

LIMITED SCOPE GRANT PROJECT AGREEMENT
CONVENIO DE PROYECTO DE DONACION DE ALCANCE LIMITADO

Between the United States of America, acting through the Agency for International Development (AID)
Entre los Estados Unidos de América, actuando por medio de la Agencia para el Desarrollo Internacional (AID)

and
y

EL SALVADOR, C.A.
(Grantee)
(Donatario)

1. Project Title (Nombre del Proyecto)

LAC Human Rights Initiative (Salvadoran Election Observer Program) - Iniciativa de Derechos Humanos en Latinoamérica (Programa de Observadores a Elecciones en El Salvador)

2. AID Project Number (Número del Proyecto) 598-0591

The above-named parties hereby mutually agree to carry out the Project described in this Agreement in accordance with (1) the terms of this Agreement, including any annexes attached hereto, and (2) any general agreement between the two governments regarding economic or technical cooperation.

Las partes antes mencionadas, por este medio acuerdan mutuamente en desarrollar el Proyecto que se describe en este Convenio, de acuerdo con (1) las condiciones de este Convenio, incluyendo cualquier anexo adjunto a este documento, y (2) cualquier convenio general entre los dos gobiernos relacionados a la cooperación técnica o económica.

3. Amount of AID Grant (Cantidad de la Donación de AID)	4. Grantee Contribution to the Project (Contribución del Donatario al Proyecto)	5. Project Assistance Completion Date (Fecha de Terminación de la Asistencia al Proyecto)
$ 200,000.00	$ 120,000.00	July 1, 1982 (1 de julio de 1982)

6. This Agreement consists of this title page and:
(Este Convenio consiste de esta carátula y:)

(1) Annex A - Project Description - (1) Descripción del Proyecto - Anexo A
(2) Annex B - Illustrative Budget - (2) Presupuesto Ilustrativo - Anexo B
(3) Annex C - Standard Provisions - (3) Disposiciones Generales - Anexo C
(4) Annex D - "Fly America" Regulations - (4) Regulación "Fly América" - Anexo D

7. For the Grantee (Por el Donatario)	8. For the Agency for International Development (Por la AID)
Dr. Alejandro Gómez Vides	Mr. Thomas W. Stukel
Signature (Firma) Alejandro Gómez Vides	Signature (Firma) Thomas W. Stukel
Title (Cargo) Subsecretario de Relaciones Exteriores	Title (Cargo) Acting Director, USAID
Date (Fecha) March 12, 1982 (12 de marzo/82)	Date (Fecha) March 12, 1982 (12 de marzo/82)

Appropriation No.: 72-1121021.6 Budget Plan Code: LDAA-82-35598-DG12

Obligation No.: 598-591-1-6521322

ANNEX A
ANEXO A

PROJECT AGREEMENT
CONVENIO DE PROYECTO

Annex A
Anexo A

PROJECT DESCRIPTION
DESCRIPCION DEL PROYECTO

1. Project Title (Nombre del Proyecto)	2. AID Project Number (No. del Proyecto AID)
LAC Human Rights Initiative (Salvadoran Election Observer Program) Iniciativa de Derechos Humanos en Latinoamérica (Programa de Observadores a Elecciones en El Salvador)	598-0591

3. This Project consists of:
(Este Proyecto consiste de:)

DESCRIPCION DEL PROYECTO

El propósito del proyecto es suministrar asistencia financiera para el apoyo logístico de los observadores internacionales que vendrán a El Salvador en marzo de 1982 para ver las elecciones nacionales de una Asamblea Constituyente. La presencia de los observadores ayudará a garantizar los derechos civiles de los Salvadoreños al demostrar el apoyo internacional hacia el proceso electoral; estimulará la honestidad e integridad del proceso electoral y servirá como un elemento desanimador del fraude y manipulación; y establecerá la credibilidad de la elección a través de informes neutrales y profesionales del proceso y de sus resultados. El Gobierno de El Salvador (GOES) ofrece a los observadores completa libertad para observar y para informar. La importancia del programa de observadores a las elecciones como elemento para establecer la credibilidad de estas elecciones tan críticas no necesita ser destacada. El Ministerio de Relaciones Exteriores será la agencia encargada de este proyecto por parte del GOES.

El proyecto consistirá del suministro de fondos para los siguientes tipos de gastos para los observadores (Ver Anexo B - Presupuesto Ilustrativo -

(Continua....)

PROJECT DESCRIPTION

The purpose of the project is provide financial assistance for the logistical support of international observers coming to El Salvador in March 1982 to observe the national Constituent Assembly elections. The presence of the observers will help to guarantee the civil rights of the Salvadoran people by demonstrating international support for the electoral process; will enhance the honesty and integrity of the election and discourage fraud and manipulation; and will establish the credibility of the election through neutral and professional reporting of the process and results. The Government of El Salvador (GOES) offers observers complete freedom for observation and reporting. The importance of the election observer program in establishing the credibility of this critical election cannot be overstated. The Ministry of Foreign Affairs will be the GOES implementing Agency for this project.

The project will consist of the provision of funding for the following types of expenses for observers (See Annex B - Illustrative Budget - for funding details):

(Continued....)

PROJECT AGREEMENT
CONVENIO DE PROYECTO

Annex A
Anexo A

PROJECT DESCRIPTION
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LAC Human Rights Initiative (Salvadoran Election Observer Program) Iniciativa de Derechos Humanos en Latinoamérica (Programa de Observadores a Elecciones en F Salvador)	598-0591

3. This Project consists of:
(Este Proyecto consiste de:)

(Continuación....)

para detalles acerca de los fondos): (a) costos de pasajes aéreos internacionales de ida y vuelta para cada observador oficialmente invitado por el GOES. (Los observadores deberán obtener boletos que no sean de primera clase y viajarán en líneas aéreas de bandera norteamericana en la medida que sea posible); (b) acomodación y alimentación para un máximo de 5 días; (c) transporte interno del país; y (d) apoyo administrativo escogido, incluyendo intérpretes, guías y servicios secretariales.

Se calcula que habrá un total de 125 personas en calidad oficial de observadores a elecciones.

La Agencia para el Desarrollo Internacional (AID), el "Donante", acepta asistir al Gobierno de El Salvador (GOES), el "Donatario", a cubrir el costo del programa de observadores internacionales otorgándole una donación de doscientos mil dólares ($200,000). La donación podrá ser utilizada para financiar los costos en moneda extranjera y los costos en moneda nacional de bienes y servicios que sean requeridos por el proyecto.

(Continuación....)

(Continued....)

(a) round-trip international air fares for each observer officially invited by GOES. (observers will obtain less-than-first-class tickets and will fly on American flag carriers to the extent possible); (b) lodging and meals for up to 5 days; (c) in-country transportation; and (d) selected administrative support, including interpreters, guides, and secretarial services.

It is estimated that a total of 125 people will serve as election observers.

The Agency for International Development (AID), the "Grantor" agrees to assist the Government of El Salvador (GOES), the "Grantee" to meet the cost of the international observer program by providing a Grant of two hundred thousand dollars ($200,000.00). The Grant may be used to finance the foreign exchange costs and local currency costs of goods and services as required for the project.

(Continued....)

PROJECT AGREEMENT
CONVENIO DE PROYECTO

Annex A
Anexo A

PROJECT DESCRIPTION
DESCRIPCION DEL PROYECTO

1. Project Title (Nombre del Proyecto)	2. AID Project Number (No. del Proyecto AID)
LAC Human Rights Initiative (Salvadoran Election Observer Program) Iniciativa de Derechos Humanos en Latinoamérica (Programa de Observadores a Elecciones en El Salvador)	598-0591

3. This Project consists of:
(Este Proyecto consiste de:)

(Continuación....)

Es entendido que ninguna cantidad proveniente de estos fondos proporcionados por AID para esta donación serán utilizados para reembolsar costos por: (a) publicidad, impresión y encuadernamiento; (b) recepciones; (d) entretenimiento de ninguna clase; y (d) apoyo de personal de los medios de comunicación. Estos costos, en caso de incurrirse en ellos, serán reembolsados por el GOES.

El "Donatario" (GOES) acepta proveer, o propiciar para el proyecto, todos los fondos adicionales a esta donación y todos los demás recursos requeridos para llevar a cabo el proyecto en forma efectiva y oportunamente dentro del tiempo estipulado. Los recursos aportados por el "Donatario" para el Proyecto no serán inferiores al equivalente de US$120,00.00 (₡300,000.00).

El Ministerio de Relaciones Exteriores acepta preparar un informe acerca del proyecto, tanto en español, como en inglés, para ser presentado a USAID no más tarde de 90 días después de las elecciones.

(Continued....)

It is understood that none of the funds provided by AID for this Grant will be used to reimburse the costs of: (a) publicity, printing and binding; (b) receptions; (c) entertainment of any kind; and (d) support of news media personnel. These costs, if they are incurred, will be reimbursed by the GOES.

The Grantee agrees to provide, or cause to be provided for the Project, all funds, in addition to the Grant, and all other resources required to carry out the Project effectively and in a timely manner. The resources provided by the Grantee for the Project will not be less than the equivalente of US$120,000.00 (₡300,000.00).

The Ministry of Foreign Affairs agrees to prepare a report on the project in both Spanish and English to be submitted to USAID not later than 90 days following the election.

PROJECT AGREEMENT
CONVENIO DE PROYECTO

Annex A
Anexo A

PROJECT DESCRIPTION
DESCRIPCION DEL PROYECTO

4. Special Provisions (Estipulaciones Especiales)

I. Fecha de Terminación de Asistencia al Proyecto

a) La Fecha de Terminación de Asistencia al Proyecto (FTAP), que es el lo. de julio de 1982, o cualquier otra fecha que acuerden las Partes por escrito, es la fecha en que las Partes estiman que todas las porciones del Proyecto financiadas conjuntamente por ellos, habrán sido ejecutadas, y que todos los bienes financiados bajo la Donación habrán sido suministrados para el Proyecto, tal como se contempla en este Convenio.

b) Excepto si AID indica lo contrario por escrito, AID no emitirá o aprobará documentación que autorizaría desembolsos de fondos de la Donación para bienes o servicios suministrados después de la FTAP.

II. Transporte Internacional

a) El Donatario acuerda que todo el transporte aéreo a ser financiado bajo este Convenio, hasta donde sea posible, entre El Salvador y el país de origen de los observadores, como se contempla en este Convenio, será en naves aéreas de bandera de los Estados Unidos de acuerdo con lo estipulado en el decreto "Fly America Act", copia del cual ha sido ya enviado al GOES y a la vez se adjunta a este documento.

b) Los observadores obtendrán boletos para todas las porciones de sus viajes aéreos internacionales, que sean menor que primera clase.

III. Procedimientos de Desembolsos

El GOES presentará solicitudes de reembolso a USAID por gastos elegibles incurridos bajo este Proyecto. El Gerente de Proyecto

(Continuación....)

I. Project Assistance Completion Date

a) The Project Assistance Completion Date (PACD), which is July 1, 1982, or such other date as the Parties agree in writing, is the date by which the Parties estimate that all portions of the Project financed jointly by them will have been performed, and that all goods financed under the Grant will have been furnished for the Project, as contemplated in this Agreement.

b) Except as AID may otherwise agree in writing, AID will not issue or approve documentation which would authorize disbursement of Grant funds for goods or services, delivered or completed subsequent to the PACD.

II. International Travel

a) The Grantee agrees that all air transportation to be financed under this Agreement, to the extent possible, to and from El Salvador and the home countries of the observers, as contemplated in this Agreement, will be on American flag carriers per the provisions of the "Fly America Act", a copy of which already has been provided to the GOES and is also attached hereto.

b) Observers will obtain less-than-first-class tickets for all portions of their air international travel.

III. Disbursement Procedures

The GOES will submit requests to the USAID for reimbursement of elegible costs incurred under this Project. The

(Continued....)

PROJECT AGREEMENT
CONVENIO DE PROYECTO

Annex A
Anexo A

PROJECT DESCRIPTION
DESCRIPCION DEL PROYECTO

4. Special Provisions (Estipulaciones Especiales)

(Continuación....)

de USAID revisará las solicitudes, las aprobará administrativamente y las enviará al Contralor de USAID para que se procese su pago. Al ser solicitado por el GOES, la USAID dará un anticipo en moneda local para cubrir los gastos locales que se indican en el Presupuesto Ilustrativo en el Anexo B. A la terminación del Proyecto, el GOES liquidará cualquier anticipo mediante la presentación de un informe de gastos acompañado de la documentación correspondiente.

(Continued....)

USAID Project Manager will review the requests, administratively approve them and pass them to the USAID Controller's office to process payments. Upon request from the GOES, the USAID will advance local currency to cover the local costs as shown in the Illustrative Budget in Annex B. Upon termination of the Project, the GOES will liquidate any advances by presenting an expenditure report with supporting documentation.

ANNEX B

ANEXO B

PROJECT AGREEMENT
CONVENIO DE PROYECTO

Annex B
Anexo B

ILLUSTRATIVE BUDGET
PRESUPUESTO ILUSTRATIVO

1. Project Title (Nombre del Proyecto)	2. AID Project Number (No. del Proyecto AID)
LAC Human Rights Initiative (Salvadoran Election Observer Program) Iniciativa de Derechos Humanos en Latinoamérica (Programa de Observadores a Elecciones en El Salvador)	598-0591

Las Partes acuerdan que los fondos puestos a disposición del Proyecto por las Partes, serán utilizados para los siguientes fines:

The Parties agree that funds made available by the Parties for the Project shall be used for the following purposes:

(US $)

I.	AID Funded Portion Fondos para AID	
	1. International Travel (Viajes Internacionales)	100,000
	2. Lodging and Meals (Acomodación y Alimentación)	60,000
	3. In-Country Travel (Transporte Interno en El Salvador)	25,000
	4. Selected Administrative Support (Guides, interpreters and secretarial assistance) (Apoyo Administrativo Escogido (Guías, intérpretes y asistencia secretarial)	15,000
	SUB-TOTAL AID	200,000
II.	GOES Funded Portion Fondos Aportados por el GOES	
	1. Receptions (Recepciones)	20,000
	2. Publicity (Publicidad)	15,000
	3. Entertainment (Entretenimiento)	40,000
	4. News Media Support (Apoyo a Medios de Comunicación)	45,000
	SUB-TOTAL GOES	120,000

(Cont....)

PROJECT AGREEMENT
CONVENIO DE PROYECTO

Annex B
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ILLUSTRATIVE BUDGET
PRESUPUESTO ILUSTRATIVO

1. Project Title (Nombre del Proyecto)	2. AID Project Number (No. del Proyecto AID)
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(Continuación....)

De ser necesario, el "Donatario" (GOES) puede cambiar, en no más de un 25%, las cantidades asignadas a cada rubro bajo la Sección I. Fondos provenientes de AID, y asignarlas a otra de las partidas comprendidas en dicha sección, sin obtener aprobación previa de USAID, y siempre que los gastos totales bajo la Sección I no excedan el presupuesto aprobado.

(Continued....)

If necessary, the Grantee can shift the amount of funds provided under the USAID-funded portion of the project between budget line items by not more than 25% without obtaining prior approval from USAID so long as the total expenditures do not exceed the total budget.

ANNEX C

ANEXO C

ANNEX C
ANEXO C

PROJECT AGREEMENT
PROAG STANDARD PROVISIONS ANNEX

ANEXO DE DISPOSICIONES GENERALES DEL CONVENIO DE PROYECTO

U.S. GOVERNMENT PRINTING OFFICE 1980-326-962

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TELEGRAM

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INDICATE
☐ COLLECT
☒ CHARGE TO USAID

DPO

FROM	CLASSIFICATION
San Salvador	UNCLASSIFIED

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E.O. ~~11652~~:
TAGS: N/A
SUBJECT: LAC Human Rights Initiative Project 598-0591

ACTION: SECSTATE WASHDC

Unclas San Salvador 2174

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1. On March 12, USAID signed Limited Scope Grant Agreement, Project 598-0591, LAC Human Rights Initiative (Salvadoran Election Observer Program) with Ministry ~~XXXXXXXXX~~ of Foreign Affairs.

2. This Agreement obligates LOP amount of Two Hundred Thousand Dollars. Appropriation No. 72-1121021.6, Budget Plan Code LDAA-82-35598-DG12, ~~XXXXXXXXXXXXXX~~, Obligation No. 598-591-1-6521322. Copies of Agreement being pouched to AID/W.

HINTON

DRAFTED BY	DRAFTING DATE	TEL. EXT	CONTENTS AND CLASSIFICATION APPROVED BY
WHFaulkner, DPO:em	3/12/82	367	Thomas W. Stukel, Acting Director

CLEARANCES
CONT:WRoss

Info: MSenko, POL

UNCLASSIFIED
CLASSIFICATION

PROJECT AGREEMENT
PROAG STANDARD PROVISIONS ANNEX

ANEXO DE DISPOSICIONES GENERALES DEL CONVENIO DE PROYECTO

ANEXO DE DISPOSICIONES GENERALES DEL CONVENIO DE PROYECTO

A. Referencia a "este Convenio" significa el Convenio del Proyecto original modificado por cualesquier cambios que hayan entrado en efecto. Referencia a "país cooperador" significa el país o territorio del Donatario.

B. (1) AID aportará la cantidad especificada en la Cláusula 3 de este Convenio, que sea necesaria para el Proyecto, como se puede describir más ampliamente en el Anexo A.

(2) El Donatario aportará la cantidad que sea necesaria para el proyecto según se especifica en la Cláusula 4 de este Convenio, como se puede describir más ampliamente en el Anexo A. El Donatario también hará o llevará a efecto arreglos para hacer contribuciones adicionales de bienes, servicios, facilidades y fondos necesarios para la ejecución del proyecto tal como se especifica en el Anexo A.

C. AID y el Donatario pueden obtener ayuda de otras agencias públicas y privadas para cumplir con sus respectivas obligaciones bajo este Convenio. Las dos partes pueden convenir en aceptar contribuciones de bienes, servicios, facilidades y fondos para los propósitos de este Convenio de otras agencias públicas y privadas y pueden convenir sobre la participación de cualquier otra tercera parte para llevar a efecto las actividades bajo este Convenio.

D. Todas las contribuciones de las partes, de conformidad con este Convenio, se harán al final o antes de la Fecha de Terminación de Asistencia al Proyecto o la prórroga, a menos que se especifique lo contrario, o lo que en el futuro acuerden las partes. Se considerará una contribución de bienes y servicios hasta que los servicios se hayan cumplido y los bienes se proporcionen tal como se contempla en este Convenio. El desembolso de fondos puede tener lugar después que todas las contribuciones finales hayan sido hechas, pero AID no estará obligada

PROJECT AGREEMENT PROAG STANDARD PROVISIONS ANNEX

A. Reference to "this Agreement" means the original Project Agreement as modified by any revisions which have entered into effect. Reference to "cooperating country" means the country or territory of the Grantee.

B. (1) AID will make available the amount specified in Block 3 of this Agreement, as necessary for the Project, as may be further described in Annex A.

(2) The Grantee will make available the amount specified in Block 4 of this Agreement, as necessary for the Project, as may further be described in Annex A. The Grantee will also make, or arrange to have made, additional contributions of property, services, facilities and funds required for carrying out the Project as specified in Annex A.

C. AID and the Grantee may obtain the assistance of other public and private agencies in carrying out their respective obligations under this Agreement. The two parties may agree to accept contributions of property, services, facilities and funds for purposes of this Agreement from other public and private agencies, and may agree upon the participation of any such third party in carrying out activities under this Agreement.

D. Except as otherwise specified herein or subsequently agreed by the parties, all contributions of the parties pursuant to this Agreement shall be made on or before the Project Assistance Completion Date, or amended date. A contribution of goods or services shall be considered to have been made when services have been performed and the goods furnished as contemplated in this Agreement. Disbursements of funds may take place after final contributions have been made, but AID shall not be required to disburse funds hereunder after the expiration of nine months following

a desembolsar fondos después que hayan transcurrido los nueve meses siguientes a la Fecha de Terminación de Asistencia del Proyecto (Cláusula 5 de este Convenio) o de cualquier prórroga de la Fecha de Terminación de Asistencia al Proyecto que sea especificada.

the estimated Project Assistance Completion Date (Block 5 of this Agreement) or any amended Project Assistance Completion Date specified.

E. La adquisición de bienes y servicios que serán financiados total o parcialmente por AID podrá (cuando así lo requieran los procedimientos de AID) ser realizada únicamente de conformidad a las Ordenes de Implementación del Proyecto (OIP) emitidas por AID.

E. The procurement of commodities and services to be financed in whole or in part by AID may (where so required by AID procedures) be undertaken only pursuant to Project Implementation Orders (PIOs) issued by AID.

F. La adquisición de bienes importados específicamente para el proyecto y financiado con la contribución de AID referida en la Cláusula 3 de este Convenio, estarán sujetos a las estipulaciones del Reglamento 1 de AID, a menos que se especifique de otra manera en la OIP aplicable o Carta de Implementación del Proyecto (CIP).

F. Unless otherwise specified in the applicable PIO or Project Implementation Letter (PIL), the procurement of commodities imported specifically for the Project and financed with the AID contributions referred to in Block 3 of this Agreement shall be subject to the provisions of AID Regulation 1.

G. El título para todos los bienes adquiridos a través del financiamiento de AID, de conformidad a la Cláusula 3 de este Convenio, será hecho para el Donatario, o cualquier otra agencia pública o privada según se autorice, a menos que las partes convengan o se especifique de otra manera en la OIP aplicable.

G. Unless otherwise agreed by the parties or otherwise specified in the aplicable PIO, title to all property procured through financing by AID pursuant to Block 3 of this Agreement shall be in the Grantee, or such public or private agency as it may authorize.

H. (1) Cualquier propiedad proporcionada a alguna de las partes, a través del financiamiento de la otra parte de conformidad con este Convenio, a menos que se haya convenido de otra manera por la parte que financió la adquisición, será utilizada efectivamente para los propósitos del proyecto de acuerdo con este Convenio y a la terminación del proyecto, podrá ser usada para llevar más adelante los objetivos buscados para desarrollar el proyecto. Cualquiera de las partes podrá devolver o reembolsar a la otra parte, cualquier propiedad que se obtenga a través del financiamiento de la otra parte, de conformidad a este Convenio, que no sea utilizado de acuerdo con lo ya expresado.

H. (1) Any property furnished to either party through financing by the other party pursuant to this Agreement shall, unless otherwise agreed by the party which financed the procurement, be used effectively for the purposes of the Project in accordance with this Agreement, and upon completion of the Project, will be used so as to further the objectives sought in carrying out the Project. Either party shall offer to return to the other, or to reimburse the other for, any property which it obtains through financing by the other party pursuant to this Agreement which is not used in accordance with the preceding sentence.

(2) Los fondos proporcionados a cualquiera de las partes de conformidad a este Convenio, los cuales no hayan sido utilizados de acuerdo con este Convenio, serán restituidos a la parte que aportó los fondos.

(3) Cualquier interés u otras ganancias obtenidas de los fondos proporcionados por AID al Donatario bajo este Convenio, serán devueltos a AID por el Donatario.

I. (1) Si AID y cualquier organización pública o privada que suministre bienes a través del financiamiento de AID para operaciones en el país cooperador, está bajo las leyes, especificaciones o procedimientos administrativos del país cooperador y está sujeto al pago de derechos de aduana e impuestos de importación sobre bienes importados al país cooperador con propósitos de llevar a efecto este Convenio, el Donatario pagará tales impuestos a menos que sean exonerados por medio de cualquier convenio internacional.

(2) Si cualquier personal (otros que no sean ciudadanos y residentes del país cooperador), ya sea empleados del Gobierno de los Estados Unidos, o empleados de organizaciones públicas o privadas bajo contrato, o individuos bajo contrato con AID, el Donatario o cualquier agencia autorizada por el Donatario, que estén presentes en el país cooperador para prestar servicios que AID ha convenido en proveer o financiar bajo este Convenio, están bajo las leyes, reglamentos o procedimientos administrativos del país cooperador, sujetos a impuestos sobre renta y seguro social con respecto al impuesto que están obligados a pagar al Gobierno de los Estados Unidos de América, ya sean impuestos sobre propiedad privada para su propio uso, o para el pago de cualquier tarifa o impuesto sobre artículos del hogar traídos al país cooperador para el uso personal de ellos y de los miembros de sus familias (no incluyendo artículos personales o del hogar que puedan ser vendidos por el personal en el país cooperador) o si cualquier firma, que no sea residente del país cooperador, está sujeta al impuesto, recibos u otros impuestos sobre trabajos financiados por AID, el Donatario pagará estos impuestos o tarifas, a menos que se declaren exonerados de esos impuestos mediante la aplicación de algún convenio internacional.

(2) Any funds provided to either party pursuant to this Agreement which are not used in accordance with this Agreement, shall be refunded to the party providing the funds.

(3) Any interest or other earnings on funds provided by AID to the Grantee under this Agreement will be returned to AID by the Grantee.

I. (1) If AID and any public or private organization furnishing commodities through AID financing for operations hereunder in the cooperating country, is, under the laws, regulations or administrative procedures of the cooperating country, liable for customs, duties and import taxes on commodities imported into the cooperating country for purposes of carrying out this Agreement, the Grantee will pay such duties and taxes unless exemption is otherwise provided by any applicable international agreement.

(2) If any personnel (other than citizens and residents of the cooperating country), whether United States Government employees, or employees of public or private organizations under contract with, or individuals under contract with AID, the Grantee or any agency authorized by the Grantee, who are present in the cooperating country to provide services which AID has agreed to furnish or finance under this Agreement, are under the laws, regulations or administrative procedures of the cooperating country, liable for income and social security taxes with respect to income which they are obligated to pay income or social security taxes to the Government of the United States of America, for property taxes on personal property intended for their own use, or for the payment of any tariff or duty upon personal or household goods brought into the cooperating country for the personal use of themselves and members of their families (not including such personal or household goods as may be sold by any such personnel in the cooperating country) or if any firm, not normally resident in the cooperating country, is liable for income, receipts, or other taxes on work financed by AID hereunder, the Grantee will pay such taxes, tariff, or duty unless exemption is otherwise provided by any applicable international agreement.

J. Si los fondos proporcionados por AID son introducidos al país cooperador por AID o cualquier agencia pública o privada con el objeto de llevar a efecto las obligaciones de AID, el Donatario hará los arreglos necesarios para que tales fondos sean convertibles a la moneda del país cooperador al cambio más alto, cuando se efectúe la operación y no sea ilegal en el país cooperador.

J. If funds provided by AID are introduced into the cooperating country by AID or any public or private agency for purposes of carrying out obligations of AID hereunder, the Grantee will make such arrangements as may be necessary so that such funds shall be convertible into currency of the cooperating country at the highest rate which, at the time the conversion is made, is not unlawful in the cooperating country.

K. AID gastará los fondos y efectuará operaciones de conformidad a este Convenio únicamente de acuerdo con leyes aplicables y reglamentos del Gobierno de los Estados Unidos.

K. AID shall expend funds and carry on operations pursuant to this Agreement only in accordance with the applicable laws and regulations of the United States Government.

L. Las dos partes tendrán el derecho, en cualquier momento, de observar las operaciones llevadas a cabo bajo este Convenio. Cualquiera de las partes, durante la duración del proyecto y por tres años después que el proyecto haya terminado tendrán derecho a (1) examinar cualquier propiedad adquirida a través del financiamiento de una parte bajo este Convenio, donde quiera que la propiedad esté localizada, y (2) inspeccionar y auditar cualquier documentación y cuentas con respecto a los fondos proporcionados, o cualesquiera propiedades y contratos de servicios adquiridos por medio del financiamiento por aquella parte bajo este Convenio, donde quiera que estos archivos estén localizados y sean mantenidos. Cada una de las partes, al hacer arreglos para deshacerse de cualquier propiedad obtenida a través del financiamiento de la otra parte bajo este Convenio, deberá asegurarse de que el derecho a examinar, inspeccionar y de auditar, descrito ya en el párrafo anterior, está reservado para la parte que efectuó el financiamiento.

L. The two parties shall have the right at any time to observe operations carried out under this Agreement. Either party during the term of the Project and for three years after the completion of the Project shall further have the right (1) to examine any property procured through financing by that party under this Agreement, wherever such property is located, and (2) to inspect and audit any records and accounts with respect to funds provided by, or any properties and contract services procured through financing by, that party under this Agreement, wherever such records may be located and maintained. Each party, in arranging for any disposition of any property procured through financing by the other party under this Agreement, shall assure that the rights of examination, inspection and audit described in the preceding sentence are reserved to the party which did the financing.

M. AID y el Donatario mutuamente se intercambiarán cualquier información que pueda ser necesitada para determinar la naturaleza y el alcance de las operaciones bajo este Convenio y para evaluar la efectividad de tales operaciones.

M. AID and the Grantee shall each furnish the other with such information as may be needed to determine the nature and scope of operations under this Agreement and to evaluate the effectiveness of such operations.

N. El presente Convenio entrará en vigencia cuando sea firmado. Cualquiera de las partes pueden terminar el Convenio manifestando su intención de darlo por terminado,

N. The present Agreement shall enter into force when signed. Either party may terminate this Agreement by giving the other party thirty (30) days written notice of

mediante una notificación por escrito a la otra parte, con treinta (30) días de anticipación. La terminación de este Convenio caducará cualquier obligación que tengan las dos partes para hacer contribuciones de acuerdo a las Cláusulas 3 y 4 de este Convenio, exceptuando aquellos pagos a que ellos están comprometidos a efectuar de acuerdo a compromisos no cancelables formulados con terceras partes antes de la terminación del Convenio. Queda explícitamente entendido que las obligaciones bajo el párrafo H referente al uso de bienes o fondos permanecerán en vigencia después de la terminación. Además, después de la terminación, AID puede, a su propio costo, transferir el título de los bienes financiados bajo la Donación a AID, si los bienes provienen de fuentes fuera del país Donatario, si están en estado de que se pueden despachar y no han sido descargados en puertos de entrada del país Donatario.

intention to terminate it. Termination of this Agreement shall terminate any obligations of the two parties to make contributions pursuant to Block 3 and 4 of this Agreement, except for payments which they are committed to make pursuant to noncancellable commitments entered into with third parties prior to the termination of the Agreement. It is expressly understood that the obligations under paragraph H relating to the use of property or funds shall remain in force after such termination. In addition, upon such termination AID may, at AID's expense, direct that title to goods financed under the Grant be transferred to AID if the goods are from a source outside the Grantee's country, are in a deliverable state and have not been offloaded in ports of entry of the Grantee's country.

O. Para ayudar a la implementación del proyecto, AID, en su debida oportunidad, puede emitir Cartas de Implementación del Proyecto (CIP), que ofrecerán información adicional acerca de asuntos tratados en este Convenio. Las partes pueden también hacer uso de Cartas de Implementación para el Proyecto de acuerdos tomados conjuntamente, para confirmar y registrar su mutuo entendimiento en los aspectos de la implementación de este Convenio.

O. To assist in the implementation of the Project, AID, from time to time, may issue PILs that will furnish additional information about matters stated in this Agreement. The parties may also use jointly agreed-upon PILs to confirm and record their mutual understanding on aspects of the implementation of this Agreement.

P. El Donatario conviene, mediante una solicitud, efectuar un señalamiento a AID de cualquier causa o acción que pudiera acumularse para el Donatario, o que sea proveniente de la actuación del contratista o del rompimiento de la ejecución por una de las partes contra un contrato directo en dólares Estadounidenses con AID, financiado completamente o en parte con fondos donados por AID bajo este Convenio.

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

ANNEX D
ANEXO D

134 Use of American-Flag Airlines by Employees, and Dependents of State, AID, USICA, and ACDA

134.1 Policy

The International Air Transportation Fair Competitive Practices Act of 1974 P.L. 93-623 added section 1117 to the Federal Aviation Act of 1958 (49 U.S.C. 1501) which established as a legal requirement that all government-financed air travel be performed on American-flag carriers where such service was available.

a. Section 706 of the Foreign Relations Authorization Act, fiscal year 1979 (pub. L. 95-426; 92 stat. 992) provides that, notwithstanding section 1117 of the Federal Aviation Act of 1958 (49 U.S.C. 1517) (Fly-America Act), government-financed air travel by officers and employees of State, AID, USICA and ACDA, their dependents, and accompanying baggage may be performed on foreign-flag air carriers between two places both of which are outside the United States.

b. Consultants, contractors, grantees, or other travelers funded by the U.S. Government are required to travel on American-flag carriers whenever such service is available as provided in 6 FAM 135.

134.2 Scheduling and Routing of Official Air Travelers

a. American-flag service would be considered both available and practical even though comparable or a different kind of service by foreign-flag service costs less, service by a Foreign-Flag carrier may be paid in excess foreign currency (see 134.5), service by a foreign-flag carrier is preferred by the agency or traveler, or service by a foreign-flag carrier is more convenient for the agency or traveler.

134.2 C & (a) + H

b. Travelers on transfer travel and those who can exercise flexibility in scheduling their travel, are expected to schedule their trips to maximize the use of American carriers.

c. The following standards will be used in determining the acceptable routings for employees and dependents of State, AID, USICA and ACDA:

1) American-flag service should be used for all travel within the United States, and to or from the furthest practical interchange point for all travel originating or terminating in the United States except when use of such service would interfere with the accomplishment of an essential mission. When the elapsed travel time on a scheduled flight from origin to destination by foreign-flag service is 3 hours or less, and service by American-flag carrier would involve twice such scheduled travel time, the foreign-flag service may be used.

2) On travel between two points abroad, including those instances when it is a portion of a trip to or from the United States, to alleviate hardship and/or excess cost, the following options are available to travelers:

a) American-flag carriers will be used to the furthest interchange point with foreign-flag carriers and foreign-flag carriers will be used to the nearest interchange point with American-flag carriers which will not cause a delay of 4 hours or more at the point or a total delay of 8 hours en route between the points of origin and destination.

b) When the travel abroad is a portion of the trip to the United States, travelers may interchange to American-flag service at a point which will permit arrival in the U.S. on a flight which directly serves the interchange point and the destination. Likewise, when travel abroad is a portion of the trip from the United States, travelers may interchange to foreign-flag service at a point which will permit departure from the U.S. on an American-flag carrier flight directly serving the origin and the interchange point.

c) American-flag carrier service does not have to be utilized abroad if it would require travel during normal sleeping hours (11:00 pm - 7:00 am) and a foreign-flag carrier provides service during other hours.

d) American-carrier service does not have to be utilized abroad if it would require a change of planes during normal sleeping hours (11:00 pm - 7:00 am) and the foreign-flag service would not require a change of planes during those hours.

e) Foreign-flag service may be used if it would eliminate two or more changes of planes on travel between the points of origin and destination both of which are abroad.

f) As an adequate rest stop is midway point in terms of travel time between the origin and detination, travel may be performed by foreign-flag carrier to or from the nearest interchange which would allow both the rest stop be taken and the interchange point to be made to or from American carriers. Notwithstanding section 134.2C, if travel abroad by American-flag carriers cannot be scheduled to permit an adequate rest stop or a rest stop can only be scheduled so near to the point of origin or destination that it cannot serve its intended purpose, foreign-flag service may be used to or from an interchange point closest to the midway point which will permit an adequate rest stop and connection with U.S. service.

An adequate rest stop is a midway point in travel that is considered to be secure, accessible, and have available hotels which meet western standards and make advanced confirmed room reservations.

g) Notwithstanding section 134.2c, any official traveler who is denied boarding by an American-flag carrier may accept a seat provided by the airline's representative on a Foreign-Flag flight as the American-flag service would be considered both impractical and unavailable. This provision also applies to cases where a traveler is denied boarding while on indirect travel or annual leave which is taken in conjunction with TDY or transfer travel, notwithstanding section 134.3.

The traveler should attempt to get a statement of the denied boarding and placement on another carrier from the airline representative to file with his or her travel voucher.

h) When the elapsed travel time on a scheduled flight from origin to destinatin by foreign-flag service is 3 hours or less, and service by American-flag carrier would involve twice such scheduled travel time, foreign-flag service may be used.

d. When it is determined that delay incident to use of an American-flag carrier could jeopardize the purpose of the trip or the health of the traveler, an employee or dependent traveling under emergency visitation or medical evacuation orders (when certified by competent medical authority in the case of medical evacuation) may be routed one-way on foreign-flag carriers without regard to section 134.2a, b and c above, including the requirement to fly on American-flag carriers entering or leaving the U.S. (Travel of medically authorized attendant(s) is also included). The authorizing officer must provide a statement to the traveler outlining the urgent travel requirement and the reason why American-flag services should not have been used. The traveler will file the statement with the travel voucher in compliance with section 134.4. Return travel under non-emergency conditions will be performed in compliance with section 134a, b and c.

134.3 Indirect, Delayed or Interrupted Travel

When air travel is performed on an indirect route, or delayed or interrupted for personal convenience, (such as annual leave, LWOP), employees should schedule their travel on American-flag airlines since any reduction in the amount of travel performed on American-flag carriers as compared with the required travel on the direct route will be at the traveler's expense. Usually traveled routings taken to allow authorized rest stops will be considered direct travel under section 131.2.*

* 134.4 Justification For Use of Foreign-Flag Airlines

Whenever a foreign-flag airline is used for any reason including when American-flag service does not operate between two points, the traveler shall prepare a statement either in the travel voucher or as an attachment, stating the justification for the use of foreign-flag carriers.

134.5 Payment In Foreign Currency

a. Legislative authority for certain programs and activities prohibits the expenditure of U.S. dollars for travel or other official purposes. In such instances, where foreign currency (either excess, near-excess, or non-excess) necessarily must be used for travel and where American-flag carriers do not accept such currency, travel may be performed to the extent required on carriers which do accept such currency since under these circumstances the travel could not otherwise be performed.

b. (AID only) In a few special cases, the country to country bilateral agreements specify conditions under which travel financed by trust funds must be performed on national airlines of the host country. In such cases, travel on the foreign-flag carrier is authorized to the extent specified in the agreement.

134.6 Personal Financial Responsibility for Unauthorized Use of Foreign-Flag Airlines

a. For Travelers

The amended Fly-America Act provides that government funds will not be used to pay for foreign-flag service when American-flag service is practical. The traveler therefore must reimburse the U.S. Government for any portion of the travel with unauthorized foreign-flag carrier mileage. The reimbursement is based on the ratio of actual mileage flown to the authorized mileage applied to the fare paid. For more details, travelers should consult their administrative officers.

b. For Certifying Officers

The following details present the formula for calculating foreign-flag penalties and provide examples of computation of such penalties. Where no acceptable justification exists, as provided under section 134.2, for using foreign-flag airlines over all or part of the authorized routing, or where the reduced amount of American-flag travel occurs because of indirect or interrupted travel for personal convenience, the additional amount of foreign-flag travel is payable by the traveler. Where a direct through-fare involves both authorized segments on American or foreign carriers and unauthorized segments on foreign carriers, the traveler's share will be calculated using the ratio of the unauthorized segment fare to the total segment fare applied to the authorized through-fare. When some travelers must make some use of a foreign carrier, it may not always be clear which routing makes the greatest use of American-flag carriers. Travelers should not be held liable for minor variations when the differences in distance are relatively small and difficult to measure. The following formula, using mileage proration, compares the revenues earned by American air carriers as a result of a traveler's indirect or unauthorized travel with the revenues the carrier would have earned had the travel been performed as authorized and in accordance with the Fly-America Act.

Authorized American carrier miles

Authorized total carrier miles	X fare paid by Govt.

- - - - - minus

Traveled American carrier miles

Traveled total carrier miles	X actual fair paid

Segment mileage can be obtained from the offical airline guide (OAG) and the minimum mileage shown should be used throughout the calculations. The following examples are hypothetical and should not be used as the basis for routings or fares.

*Example 1 - Direct Travel

Use of both American and foreign carriers is required to reach the destination post in this example. The through-fare between Chicago and Moscow is $561.

Travel was authorized on American-flag carrier Chicago-Frankfurt, and foreign-flag carrier Frankfurt-Moscow, but the traveler elected to travel on American-flag airline Chicago-Paris, and then proceed to Moscow on foreign-flag carrier.

Authorized Travel

American-Flag Mileage

(Chicago-Frankfurt) 4,333

Foreign-Flag Mileage
(Frankfurt-Moscow) 1,259
- - - - - - - - - - - -
Total Mileage - - - 5,592

Actual Travel

American-Flag Mileage

(Chicago-Paris) - - 4,142

Foreign-Flag Mileage

(Paris-Moscow) - - 1,540
- - - - - - - - - - - -
Total Mileage - - - 5,682

Revenue Accruing to
American-Flag Carriers
(Authorized Travel)

4,333

4,333 plus 1,259 X $561 $434.69

Revenue Accruing to
American-Flag Carriers
(Actual Travel)

4,142

4,142 plus 1,540 X $561 $408.95

- - - - - - - - - - - - - - -
- - - - - - - - - - - - - - -
Portion of Fare Paid By
Traveler $ 25.74

Example 2 - Indirect Route

The through-fare between Washington, D.C., and Tokyo by American-flag carriers on direct route is $659.00. The traveler elects to travel via Guam and the through-fare is $743.04. The segment Guam-Tokyo is traveled on a foreign-flag airline. The traveler is responsible for paying the difference between the through-fares ($84.04), plus any loss in revenues to American-flag carriers. See calculations below.

Indirect Travel
(Authorized Routing)

All American-Flag;
Revenue Earned $659.00

(Actual Travel)

American-Carrier Mileage
(Washington-Guam) - - - - 10,077
Foreign-Carrier Mileage

(Guam-Tokyo) - - - - - - 1,557
- - - - - - - - - - - - - - -

Total Mileage - - - - - - 11,634

Revenue Accruing to
American-Flag Carriers
On Actual Travel

10,077

11,634 X $743.04 643.60

Portion of Fare As Foreign-
Flag Penalty $ 15.40

The traveler is responsible for paying the difference between the revenue that Amreican-flag carriers would have earned if travel had been performed as authorized and revenue earned by an American Traveler's total personal contribution to cost of travel is $84.04 plus $15.40 = $99.44. *

Example 3 - Indirect Travel

The traveler is transferred from Kathmandu via home leave in Miami to Washington, D.C. The direct route from Kathmandu to Miami is via New Delhi, Tehran, Frankfurt and the trans-Atlantic route. The traveler proceeds via Bangkok and Tokyo and uses the trans-Pacific route. Use of a foreign-flag carrier is required to reach both New Delhi (trans-Atlantic) and Bangkok (trans-Pacific). The direct route through-fare is $1,162.20; the indirect fare (actually traveled route) is $1,257.20. The traveler pays the difference between the authorized fare and the actually traveled fare ($95.00) when the ticket is purchased.

Indirect Travel
(Authorized Routing)

Foreign-Flag Mileage (Kathmandu-Delhi)	506
American-Flag Mileage (Delhi-Miami-D.C.)	11,793
Total Mileage- - -	12,299

Revenue Accruing to American-Flag Carriers On Authorized Travel

11,793
12,289 X $1,162.20 - - - $1,115.29

(Actual Routing)

Foreign-Flag Mileage (Kathmandu-Bangkok)	1,369
American-Flag Mileage (Bangkok-Miami-D.C.)	13,492
Total Mileage - - -	14,861

Revenue Accruing to American-Flag Carriers On Actual Travel

13,492

114,861 X $1,257.20 - - - $1,141.38
- - - - - - - - - - - - - - - - -
- - - - - - - - - - - - - - - - -$ (26.09)

No Liability for Foreign-Flag.

No liability assessment is made against the traveler as more revenue ($1,141.38) is earned by American-Flag carriers on the indirect actual routing than would have accrued to American carriers on the direct authorized routing ($1,115.29). Unquote.

As the foreign affairs community will have to provide Congress with a comprehensive report on implementation of this regulation, posts should collect the following data:

a. Savings in travel expenses (per diem and transportation costs) with new regulation.

b. Savings of employee time as a result of the change.

c. Loss of American-flag carrier revenue.

d. Any other pertinent information regarding easing of travel hardship, greater post flexibility in travel, etc., as a result of the new regulation.

135 Use of American-Flag Airlines

135.1 Policy

The International Air Transportation Fair Competitive Practices Act of 1974 (P.L.93-623) establishes as a legal requirement that all Government-financed air travel be performed on American-flag carriers where such service is available. It applies to all travelers (employees, dependents, consultants and grantees) except employees and dependents of the Department of State, Agency for International Development, International Communications Agency and Arms Control and Disarmament Agency whose travel is paid from funds "appropriated, owed, controlled, granted... or otherwise established for the account of the United States." *

* 135.2 Scheduling and Routing of Official Air Travel

Travelers are expected to make a consciencious effort to schedule travel to make use of American-flag service where flexibility exists in the timing of initiation of travel. Where possible, travelers will use American-flag airlines from origin to destination or to the furthest practicable interchange point on a direct route, consistent with scheduled connections and authorized stopovers (e.g., TDY, official rest stop). An interchange point shall not be considered practicable if it would involve a delay in excess of 6 hours.

In addition to the above, the following standards for determining acceptable routings will apply:

a. When official travel originates, terminates, or involves authorized stopovers in the United States, and American-flag carriers provide service on a direct route, this service must be used, unless travel on such airline(s) could not be performed in time or is otherwise incompatible with the official purpose of the travel.

b. When the point of origin of travel is outside the United States and American-flag carriers provide service, this service must be used, unless use of the American-flag carrier at origin would cause the traveler to be delayed in excess of 6 hours at an interchange point or cause the total travel to be delayed in excess of 12 hours en route, or unless the mission to be performed required use of alternative foreign-flag service. When travel is interrupted for official purposes (TDY, rest stop, etc.) outside the U.S. the above standards will apply, except that the traveler need not delay initiation of travel from the point of interruption by more than 12 hours to use an American-flag carrier.

c. When the point of origin overseas is not served by an American-flag airline or where use of a foreign-flag airline is unavoidable en route, the foreign-flag airline may be used, but only to the nearest practicable interchange point to connect with available American-flag service, unless the total travel would be delayed in excess of 12 hours en route by using the American-flag carrier or the mission to be performed required greater use of the foreign-flag carrier.

d. Legislative authority for certain programs and activities prohibits the expenditure of U.S. dollars for travel or other official purposes. In such instances, where foreign currency (either excess, near-excess, or non-excess) necessarily must be used for travel and where American-flag carriers do not accept such currency, travel may be performed to the extent required on carriers which do accept such currency since under these circumstances the travel could not otherwise be performed.

135.3 Indirect, Delayed, or Interrupted Travel

When air travel is performed on an indirect route, or delayed or interrupted for personal convenience (e.g., annual leave, IWOP), employees are advised to schedule their travel on American-flag airlines, since any reduction in the amount of travel performed on American-flag airlines as compared with that required on a direct and expeditious route will be for the personal account of the traveler (see section 134.5).

135.4 Justification for Use of Foreign-Flag Airlines

When a foreign-flag airline is used for any reason, other than in those instances where no American-flag airlines operate between any two points on a traveler's authorized itinerary, the traveler shall prepare a memorandum, stating the justification for the use of the foreign-flag airline. The justification is to be attached to the employee's travel voucher.

Such justifications will be reviewed on the basis of these regulations and the intent of the International Air Transportation Fair Competitive Practices Act of 1974. Use of a foreign-flag airline without acceptable justification will render the traveler financially responsible, as specified in section 134.5.

135.5 Personal Financial Responsibility for Unauthorized Use of Foreign Airlines

Where no acceptable justification exists for using a foreign-flag airline over all or a part of the authorized route, or where a lesser amount of American-flag travel occurs because of indirect or interrupted travel for personal convenience, the additional amount of foreign-flag travel is not payable by the Government, but is for the personal account of the traveler.

Where a direct through-fare involves both authorized segments on American or foreign carriers and unauthorized segments on foreign carriers, the traveler's share will be calculated using the ratio of the unauthorized segment fare to the total segment fare applied to the authorized through-fare.

Example 1 Direct Travel

Through-fare between authorized points of origin and destination equals $1000. Traveler elects to stop over and take a foreign-flag airline from an intermediate point where this is not authorized. The segment fare to the stopover point is $700 and the segment fare on the foreign carrier is $500. Accordingly, the traveler would be responsible for 5/12 of the through-fare or $416.67. ($700 + $500 = $1200; $500/$1200 = 5/12; 5/12 x $1000 = $416.67).

When an indirect through-fare includes both authorized segments on American and foreign carriers and unauthorized segments on foreign carriers, the traveler's share will be the difference between the direct through-fare and the indirect through-fare plus the difference between the direct through-fare and the segment fare(s) performed on authorized carriers. If the indirect segment fare(s) on American carriers or authorized foreign carriers/equals or exceeds the cost of the direct through-fare, the travelers responsibility will be limited to the difference between the direct through-fare and the indirect through-fare.

Example 2 Indirect travel

Through-fare between authorized points on a direct route is $1000. The traveler elects to travel on an indirect route which has a through-fare of $1400. Part of this indirect travel is by authorized carriers ($800 segment fare) and part is by unauthorized foreign carriers ($700 segment fare). The traveler would be responsible for paying the difference between the through-fares $1400 - $1000 = $400 plus the difference between the authorized through-fare and the amount of travel performed on authorized carriers $1000 - $800 = $200 for a total of $600. *