

AGENCY FOR INTERNATIONAL DEVELOPMENT

COOPERATIVE AGREEMENT NO.  
AID/DSAN-CA-0148

PROJECT NO. 931-0203.11

AWARDED PURSUANT TO SEC. \_\_\_\_\_ OF THE FOREIGN ASSISTANCE ACT OF 1961,  
AS AMENDED

GRANTOR

Agency for International Development  
Office of Contract Management  
Washington, D.C. 20523

Cognizant AID Scientific/Technical  
Office: Development Support Bureau  
Office of Agriculture  
Food & Crop Production Division  
(DS/AGR/FCP)

April 30, 1979

EFFECTIVE DATE

April 30, 1984

EXPIRATION DATE

Recipient

Mississippi State University

Name

Post Office Drawer NZ

Street Address

Mississippi State, Mississippi, 39762

City State Zip Code

MAIL VOUCHERS (original and 3 copies)

Agency for International Development  
Office Financial Management  
Washington, D. C. 20523

*8/25/80*

FUNDING INFORMATION

ACCOUNTING AND APPROPRIATION DATA

Amount Obligated: \$273,000

Appropriation No.: 72-1191021.3

Allotment No.: 943-36-099-00-20-91

PIO/T No.: 3698292

*8/25/80*  
*Bunch*  
OFFICE OF CONTRACT MANAGEMENT

The United States of America, hereinafter called the Government, represented by the AID Grant Officer executing this Cooperative Agreement, and the Recipient agrees as follows: That the entire Cooperative Agreement consists of: The Cover Page; the Schedule, consisting of 8 pages, Attachment A - Program Description, and Attachment B - Standard Provisions.

Recipient

Mississippi State University

UNITED STATES OF AMERICA  
AGENCY FOR INTERNATIONAL DEVELOPMENT

By: (Signature of Authorized Individual)

By: (Signature of AID Grant Officer)

*H. Dean Bunch*

*Morton Darvin*

Typed or Printed Name

Typed or Printed Name

H. Dean Bunch

Morton Darvin

TITLE Director, International Programs  
Agriculture & Forestry

TITLE AID Grant Officer

Date August 31, 1979

Date 13 JUL 1979

## Program Description

### A. Purpose of Cooperative Agreement

The purpose of this Cooperative Agreement is to assist Mississippi State University in the development, refinement and maintenance of technical capability in the field of seed technology and to provide for the use of such capability in the development of seed production industries serving the needs of farmers in less developed countries.

### B. Specific Activities

In carrying out the purpose of this agreement the recipient is expected to engage in a variety of activities related to seed technology and responsive to the needs and concerns of farmers in the less developed countries. These will involve identification of problems in LDC seed technology, applied research directed toward the resolution of such problems and the dissemination of information based upon the work carried out under this agreement. The recipient will also be expected to develop programs of training for host country personnel and in-country technical services for host country government entities and AID which will utilize and expand upon its technical capability.

Funds made available under this Agreement may be used for the following specific activities:

Identification and Resolution of Technical and Economic Problems:

Technical and economic problems in seed technology require applied research efforts to resolve. The recipient will attempt to identify such problems at an early point so that work can be undertaken to resolve them before they severely impede LDC seed technology development programs. The adaptive research and/or technical innovations to be carried out will be directly related to recipient technical service efforts in LDCs. All such programs will be developed in consultation with and with the approval of the A.I.D. Project Manager and the Project Manager will be kept informed of the work conducted.

During the next five years, major emphasis will be given to: (a) developing "appropriate technology" for drying and testing seed; (b) developing procedures for separation of noxious weed seed and seed from other varieties of "good" seed; (c) developing management and quality control procedures that are better adapted to operational conditions in the LDCs; and (d) development of better procedures for the economic and financial analysis of seed programs or

seed program proposals in the LDCs. The total annual effort by the recipient shall not exceed six (6) person-months without prior written approval of the Grant Officer.

2. Information Services: The recipient will be expected to develop and maintain (on campus and elsewhere) reference and other informational materials on the organization, technical, economic, and management aspects of seed programs, specific components thereof, and for specific crops. These will be distributed on request to personnel and agencies in the LDCs, the Bureaus, Missions, other AID contractors, international technical assistance and lending agencies and institutions and others as AID may designate.

In most cases, more specific advice and information than available in prepared materials will be required. The recipient will locate, collect, and/or develop and transmit the information requested. In addition, the recipient will develop new or revised information reference articles on timely subjects related to the managerial, technical and economic aspects of seed program development. The recipient's effort devoted to these Information Services may not exceed eleven (11) person months annually without prior written approval of the Grant Officer.

3. Training Programs: The recipient is expected to plan and conduct training programs for host country personnel of varying intensity depth and duration with emphasis on the technical, operational and managerial phases of a seed industry program. Training programs will be U.S., regional, and in-country, and range from graduate degree programs to on-the-job training for workers at the operational level. Also, assistance will be given to agricultural educational institutions in the LDCs in the establishment of educational training programs in seed technology or upgrading programs that are already established.

Such programs may be developed either at the request of the Project Manager or at the recipient's own initiative. In all cases training program plans will be submitted to AID for review and approval prior to implementation. It is expected that approximately five courses will be conducted annually. Recipient's effort devoted to training shall not exceed 13 person-months per year without prior approval of the Grant Officer.

4. In-Country Service: The recipient will, in consultation and with the approval of AID, develop and carry out a program of in-country

advisory and consulting services in seed technology for host countries and AID. In doing so, the recipient will respond to Bureau and Mission requests for such services to the extent possible. The period of in-country consulting services will be limited to 30 days per consultant/specialist per request unless a longer period is specifically justified and authorized by the Project Manager. Total in-country service effort shall not exceed 34 person-months per year without prior written approval of the Grant Officer. The purpose of the in-country efforts will be to:

- a. Thoroughly review with Mission, host country and other concerned personnel on-going or planned host country, AID or other projects in which a seed production and supply capability and system is or should be integrated.
- b. Make on-site analysis of the status and needs relating to seed production and supply.
- c. Collect the technical, climatic and economic data needed to formulate recommendations and develop designs and specifications.

- d. Determine the specific requirements for establishing a seed program or improving existing ones.
  
- e. Assist LDC personnel with installation and operational checks of technical facilities and equipment.
  
- f. Prepare facility designs, layouts and equipment specifications, formulate recommendations and write comprehensive reports.

C. Reporting

1. The recipient will submit a complete activity report to DS/AGR/FCP, the pertinent bureau and the requesting mission on each consultation visit; training course or workshop, or other specific services/assistance requested within 60 days after return to the recipient's location. Interim summary reports will be provided sooner -- even prior to departure from the LDC, when necessary and requested.

2. Annual Reports will be submitted within 60 days after completion of each 12 month budget period. Forty copies are to be provided to AID/Washington and other copies to be distributed to International Research Centers and relevant seed technologists worldwide. These reports shall contain, but not be limited to, the following:  
(1) summary of consulting services by country; (2) Training programs conducted including location and number of participants in each;  
(3) summary of information services provided; (4) list of publications and reports prepared; (5) progress in adaptive research; and (6) list of staff and time each devoted to project activities.

3. Other publications will be used to disseminate information as deemed appropriate by the recipient and/or the AID project officer.

4. The recipient shall submit three copies of all reports listed as being a product of the cooperative agreement (administrative, progress, final, and technical reports, etc.) to the Documentation Coordinator, DS/DUI, Agency for International Development, Washington, D.C. 20523, or his designee. Such reports shall include a title page showing the title of the report, project title as set forth in the cooperative agreement and the cooperative agreement number. One copy of each report shall be clearly typed or printed on white paper so that it may be photographed to produce a microfilm master. Technical reports shall be accompanied by an author-prepared abstract.

D. Budget

The funds herein shall be used to finance the following items:

<u>Cost Element</u>	<u>Total Estimated Cost</u> <u>FR: 5-1-79 TO:4-30-84</u>	<u>Total Obligated Amour</u> <u>FR:5-1-79 TO 4-30-80</u>
1. Salaries	\$ 658,741	\$ 115,800
2. Fringe Benefits	85,625	15,050
3. Consultants	53,600	10,000
4. Travel	263,883	49,670
5. Other Direct Costs	46,200	8,500
6. Indirect Costs	419,951	73,980
Total	\$1,528,000	\$ 273,000

The Recipient may not exceed the total amount of the Budget, or if partially or incrementally funded, the funds obligated against the Budget Adjustments among the line items are unrestricted.

E. Special Provisions

(1) Travel - Clearances: Prior to travel overseas by recipient personnel, the recipient will acquire clearances from AID Missions/representatives in the developing countries and the AID Regional Bureaus concerned. All international travel under the cooperative agreement must be approved by the AID project manager.

(2) Trip Reports - After completion of each TDY assignment, a trip report will be prepared giving details of itinerary, discussions, people contacted, accomplishments, and suggestions resulting therefrom. Copies of the report should be sent by the recipient to DS/AGR/FCP.

(3) Voucher Identification. Whenever the recipient submits a voucher (SF-1034) for payment, he should include the following identification data on the face of the voucher:

Cooperative Agreement: AID/DSAN-CA-014E  
Project: 931-0203.11  
Project Office: DS/AGR/FCP- G.F. Warren

(4) Standard Provisions

The following Standard Provisions contained in Attachment B do not apply to this Cooperative Agreement:

- 4A. Negotiated Overhead Rates-Educational Institutions
- 9B. Payment-Periodic Advance.

F. Overhead Rates

Pursuant to the provisions of the Standard Provision 4B of this cooperative agreement entitled "Negotiated Overhead Rates-Predetermined", a rate or rates shall be established for each of the recipient's accounting periods during the term of the cooperative agreement. The following rates presently apply:

Type	Effective Period		On-Campus
	From	Thru	
Predetermined	7-1-78	6-30-79	60%
Provisional	7-1-79	Until Amended	60%

Base of Application

Direct salaries and wages including vacation, holidays, and sick pay, but excluding other fringe benefits.

G. Title to Property

Title to all property purchased for use under this cooperative agreement vests in the U.S. Government.

## STANDARD PROVISIONS

### 1. DEFINITIONS

(a) "Administrator" means the Administrator or the Deputy Administrator of the Agency for International Development.

(b) "AID" means the Agency for International Development.

(c) "Consultant" means any especially well qualified person who is engaged on a temporary or intermittent basis to advise the Recipient and who is not an officer or employee of the Recipient who performs other duties for the Grantee.

(d) "AID Grant Officer" means the person executing this Agreement on behalf of the United States Government, and any other Government employee who is a properly designated AID Grant Officer; and the term includes, except as otherwise provided in this Agreement, the authorized representative of an AID Grant Officer acting within the limits of his authority.

(e) "Recipient Employee" means a person in the employ of the Recipient assigned to work under this Agreement.

(f) "Cooperating Country or Countries" means the foreign country or countries in or for which assistance is to be provided hereunder.

(g) "Cooperating Government" means the government of the Cooperating Country.

(h) "Economy Class" air travel (also known as jet economy, air coach, tourist class, etc.) means a class of air travel which is less than first class.

(i) "Recipient" means the institution entering into this Agreement with the Government.

(j) "Government" means the United States Government.

(k) "Mission" means the United States Mission to, or principal AID office in, the Cooperating Country.

(l) "Mission Director" means the principal AID officer of the Mission in the Cooperating Country, or his designated representative.

(m) "OMB Circular No. A-110" means the Office of Management and Budget Circular entitled Grants and Agreements With Institutions of Higher Education, Hospitals and Other Nonprofit Organizations: Uniform Administrative Requirements (41 CFR 32016; July 30, 1976), including any amendments thereto.

(n) "FMC Circular 73-8" means Federal Management Circular 73-8 entitled Cost Principles for Educational Institutions.

(o) "Handbook 13" means AID Handbook 13, entitled Grants

(p) "Assistance Instruments" means either grants or cooperative agreements.

(q) "Subrecipient" means any organization other than the Recipient undertaking by subagreement hereunder program or project activities in fulfillment of the purposes or objectives of this Agreement.

(r) "AID Project Officer" means a designated representative of the cognizant AID Scientific/Technical Office named on the Cover Page.

## 2. ALLOWABLE COSTS AND CONTRIBUTIONS

(a) Allowable costs under this Agreement shall be limited to those costs which are reasonable, allocable, and allowable in accordance with the terms of (1) this Agreement, (2) any negotiated advance understanding on particular cost items, and (3) FMC Circular 73-8, in effect on the date of this Agreement.

(b) With regard to the allowability of non-Federal cost sharing contributions under this Agreement, Attachment E, "Cost Sharing and Matching", to OMB Circular No. A-110 (as set out in paragraph 1K of Handbook 13) shall also apply.

## 3. ACCOUNTING, AUDIT, AND RECORDS

(a) The Recipient shall maintain a financial management system in accordance with the requirements set forth in OMB Circular A-110 (as implemented in Paragraph 1L of Handbook 13). A copy of reports of audits resulting from this system as they concern this Agreement will be furnished to the Grant Officer.

(b) The AID Auditor General and the Comptroller General of the United States or their duly authorized representatives (see paragraph 16, Chapter 1 of Handbook 13) reserve the right to conduct an audit of the Recipient's books and records to determine whether the Recipient has expended AID's funds in accordance with the terms and conditions of this Agreement. The Recipient agrees both to make available any further information requested by AID with respect to any questions arising as a result of the audit and to include the requirements of this provision in any subordinate agreement, including subgrants, entered into with a U.S. institution.

## 4A. 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(s) shall be established for each of the Recipient's fiscal years or other specified period during the term of this Agreement. Pending establishment of a final rate(s), 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(s), shown in the Schedule of this Agreement.

(b) The Recipient, as soon as possible but not later than ninety (90) days after the close of each of its fiscal years or other specified periods during the term of this Agreement shall submit to the AID Grant Officer with copies to the Office of Contract Management, and to the Office of the Auditor General, AID, Washington, D.C. 20523, a proposed final rate or rates for the period together with supporting cost data. Negotiation of the final overhead rates by the Recipient and the AID Grant Officer shall be undertaken as promptly as practicable after receipt of the Recipient's proposal.

(c) Allowability of costs and acceptability of cost allocation methods shall be determined in accordance with FMC Circular 73-8.

(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 rate(s), (2) the base(s) to which the rate(s) apply, and (3) the periods for which the rate(s) apply. The overhead rate agreement shall not change any monetary ceiling, Agreement obligation, or specific cost allowance or disallowance provided for in this Agreement.

(e) Pending establishment of final overhead rates for any period, the Recipient shall be reimbursed either at negotiated provisional rates as provided above or at billing rates acceptable to the AID 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 for in this provision shall be set forth in a modification to this Agreement.

#### 4B. NEGOTIATED OVERHEAD RATES - PREDETERMINED

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

(a) The allowable indirect costs under this Agreement shall be obtained by applying predetermined overhead rates to bases agreed upon by the parties, as specified in the Schedule of this Agreement.

(b) The Recipient, as soon as possible but not later than ninety (90) days after the close of each of its fiscal years or other specified period during the term of this Agreement, shall submit to the AID Grant Officer with copies to the Office of Contract Management, and to the Office of the Auditor General, AID, Washington, D.C. 20523, a proposed predetermined overhead rate or rates based on the Recipient's actual experience during that period, together with

supporting cost data. Negotiation of predetermined overhead rates by the Recipient and the AID Grant Officer shall be undertaken as promptly as practicable after receipt of the Recipient's proposal.

(c) Allowability of costs and acceptability of cost allocation methods shall be determined in accordance with the provisions of FMC Circular 73-8, in effect on the effective date of this Agreement.

(d) Predetermined rates appropriate for the work under this Agreement, in effect on the effective date of this Agreement shall be incorporated into this Agreement. Rates for subsequent periods shall be negotiated and the results set forth in a written overhead rate agreement executed by both parties. Such overhead agreement shall be automatically incorporated into this Agreement upon execution and shall specify (1) the agreed predetermined overhead rate(s), (2) the base(s) to which the rates apply, (3) the period(s) to 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, Agreement obligation, or specific cost allowance or disallowance provided for in this Agreement.

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

(f) Any failure by the parties to agree on any predetermined overhead rate or rates under this provision shall be considered a dispute within the meaning of the DISPUTES provision of this Agreement. If for any period specified in this Agreement the parties fail to agree to a predetermined overhead rate or rates, it is agreed that the allowable overhead costs under this Agreement shall be obtained by applying negotiated final overhead rates in accordance with the terms of the provision entitled NEGOTIATED OVERHEAD RATES - EDUCATIONAL INSTITUTIONS.

## 5. SALARIES

All salaries, wages, fees, and stipends, which will be reimbursable by AID under this Agreement, shall be in accordance with both the Recipient's usual policy and practice and FMC Circular 73-8. To the extent that the Recipient's policy and practice conflict with FMC Circular 73-8, the latter shall prevail, unless the Schedule of this Agreement expressly provides otherwise.

## 6. TRAVEL AND TRANSPORTATION

(This provision is applicable when air travel or air shipment (both domestic and international) costs are reimbursable by AID under this Agreement.)

(a) Allowable costs of travel under this Agreement shall be in accordance with both the policy and practice of the Recipient and FMC Circular 73-8. To the extent the Recipient's policy and practice conflict with FMC Circular 73-8, the latter shall prevail unless the Schedule of this Agreement provides otherwise.

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

(c) 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 Recipient after receipt of advice of intent to travel required above. AID will issue a Government Transportation Request (CTR) which the Recipient 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 Agreement.

(d) All international air travel and all international air shipments under this Agreement shall be made on United States flag carriers. Exceptions to this rule will be allowed in the following situations, provided that the Recipient certifies to the facts in the voucher and other documents retained as part of the Agreement records required by Standard Provision 3 above:

(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 or non-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 Recipient's program than would service by a non-U.S. flag air carrier or carriers, or

(4) when the elapsed travel time 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 travel time.

NOTE: Where U.S. Government funds are used to reimburse Recipient's use of other than U.S. flag air carriers for international transportation, the Recipient 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 carriers 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).

(e) Travel allowances shall be reimbursed in accordance with FMC Circular 73-8 and the regulations contained in AID Handbook 22 entitled "Travel and Transportation"; however, if the Recipient'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 Recipient may use its travel allowance system in lieu of that in Handbook 22 after it has furnished the AID Grant Officer with a copy of such approval.

(f) Fifty percent of all international ocean shipment made by the Recipient, 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 Recipient 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.

(1) When the AID Transportation Support Division makes and issues a determination to the Recipient 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 Agreement. In all instances Recipient vouchers submitted for reimbursement under the Agreement 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. Agreement Number."

(11) Shipments by voluntary non-profit relief agencies (i.e., PVOs) 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).

## 7. 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 Agreement does not exceed \$250,000.)

### (a) Ineligible Goods and Services

Under no circumstances shall the Recipient use AID funds to procure any of the following under this Agreement:

- (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 Recipient has procured any of the ineligible goods and services specified above under this Agreement, and has received reimbursement from AID for such purpose, the Recipient agrees to refund to AID the entire amount of the purchase.

### (b) Restricted Goods

The Recipient shall not use AID funds to 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 AID 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.

(In addition to the foregoing rule regarding source, to be eligible for procurement with AID funds, the above commodities must meet the requirements contained in AID Handbook 1, Supplement B, Chapter 4C.)

If AID determines that the Recipient has procured any of the restricted goods specified above under this Agreement from non-U.S. sources without the prior written authorization of the AID Grant Officer and has received reimbursement from AID for such purpose, the Recipient 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 AID Grant Officer under paragraph 7(b) above, all other goods (e.g., equipment, materials and supplies) and services, the costs of which are to be reimbursed under this Agreement by AID 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 Recipient uses AID funds to procure goods and services from other than U.S. sources under the order of preference in 7(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 Recipient's documentation:

- (1) the procurement was of an emergency nature, which would not allow 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 this Agreement.

(e) The Recipient's Procurement System

- (1) The Recipient 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 O of OMB Circular No. A-110 (as set forth in paragraphs IU.3 and IU.4 of Handbook 13).

(2) If the Recipient's procurement policies and procedures have been reviewed against the procurement requirements of paragraphs 3 and 4 of Attachment O to OMB Circular No. A-110, (as set forth in paragraphs IU.3 and IU.4 of Handbook 13) and have been approved by AID or another Federal department or agency, the Recipient shall furnish the AID Grant Officer a copy of such approval; otherwise the Recipient's procurement policies and procedures shall conform to the specified requirements of OMB Circular No. A-110. (See Handbook 13, Chapter 1, paragraph IU.)

(f) Procurement Systems - Subrecipients

(1) U.S. subrecipients may use their own procurement policies and procedures provided the Recipient determines that they comply with the intent of paragraph 3 and the requirements of paragraph 4 of Attachment O to OMB Circular A-110 (as set forth in paragraphs IU.3 and IU.4 of Handbook 13).

(2) Non-U.S. subrecipients, who are located abroad and who do not perform in the U.S. under this Agreement, may use their own procurement policies and procedures provided that the Recipient determines that they comply with the intent of paragraph 3 of Attachment O to FMC Circular No. 73-8 (as set forth in paragraph IU.3 of Handbook 13); Paragraph 4 of Attachment O to OMB Circular No. A-110 (as set forth in paragraph IU.4 of Handbook 13) does not apply to such non-U.S. institutions.

(g) Small Business

To permit AID, in accordance with the small business provision 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 Agreement, the Recipient 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.

## (h) Ineligible Suppliers

AID funds provided under this Agreement 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 Recipient agrees to review said list prior to undertaking any procurement the cost of which is to be reimbursable by AID under this Agreement. AID will provide the Recipient with this list.

## 8. REFUNDS

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

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

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

## 9A. PAYMENT - FEDERAL RESERVE LETTER OF CREDIT (FRLC) ADVANCE

(This provision is applicable when the total advances under all the Recipient's cost-reimbursement contracts and assistance instruments with AID exceed \$120,000 per annum and AID has, or expects to have a continuing relationship with the Recipient of 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 Agreement against which the Recipient may present payment vouchers (i.e., Form TFS 5401). The 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 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 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, the AID Controller determines that the Recipient has presented payment vouchers in excess of the amount or amounts allowable in (a) and (b) above, the AID Controller shall advise the AID Grant Officer who may: (1) cause the FRLC to be suspended or revoked; (2) direct the Recipient to withhold submission of payment vouchers until such time as, in the judgment of the AID Controller, an appropriate level of actual, necessary and allowable expenditures has occurred or will occur under this Agreement, and/or (3) request the Recipient to repay to AID the amount of such excess. Upon receipt of the AID Grant Officer's request for repayment of excess advance payments, the Recipient shall promptly contact the AID Controller to make suitable arrangements for the repayment of such excess funds. Advances made by primary Recipients (those which receive payments directly from the Government) to secondary Recipients shall conform to the same standards applicable to advances made by the Government to the primary Grantee.

(d) Procedure for Recipient.

(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 its commercial bank, the Recipient 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 Recipient who has authorized them to sign.

(2) The Recipient shall subsequently receive one certified copy of the FRLC.

(3) The Recipient shall confirm with its commercial bank that the FRLC has been opened and is available when funds are needed.

(4) To receive payment, the Recipient shall:

(A) Periodically, although normally not during the last five days of the month, prepare payment vouchers (Form TFS 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 TFS 5401 to its 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 Recipient 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 less than quarterly within 30 days of the end of the period to the AID Controller, 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 this Agreement's provisions, and any improper disbursement is disallowed. The Recipient 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 its 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 Recipient 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 Recipient 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 Recipient shall submit the SF 272 within 15 working days after the end of each month, and

(C) The Recipient'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 Agreement and the Recipient fails to comply with the AID Grant Officer's request for repayment of excess FRLC funds, the Government shall have the right, on other contracts or assistance instruments held with the Recipient, to withhold reimbursements due to the Recipient in the amount of the excess being held by the Recipient.

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

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

(B) Upon written request of the AID Grant Officer, return to the Government the sum of dollars, if any, which represents the difference between (i) the Recipient's maximum position on claimed costs which have not been reimbursed and

(ii) the total amount of unexpended funds which have been advanced under this Agreement; and

(C) If the Recipient fails to comply with the AID Grant

Officer's request for repayment of excess FRLC funds, the Government shall have the right, on other contracts or assistance instruments held with the Recipient, to withhold payment of FRLC or other advances and/or withhold reimbursements due the Recipient in the amount of the excess being held by the Recipient.

#### 9B. PAYMENT - PERIODIC ADVANCE

(This provision is applicable when total advances under all the Recipient's cost-reimbursement contracts and assistance instruments with AID do not exceed \$120,000 per annum or if total advances aggregate 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 Recipient is on a quarterly basis) after the initial advance, the Recipient shall submit to the AID Controller an original and 2 copies of SF 272, Federal Cash Transaction Report, as follows:

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

(2) The Recipient'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 Recipient 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 this Agreement number and shall state the total actual expenditures for the reporting period.

(c) Each quarterly voucher (i.e., SF 1034) or third monthly voucher, if the Recipient is on a monthly basis, shall also be supported by an original and 2 copies of an 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 period as the SF 1034(s) and the SF 272(s).

(d) Refund of Excess Funds.

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

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

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

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

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

#### 10. LIMITATION OF FUNDS

(This provision is applicable to all incrementally or partially funded Agreements.)

(a) It is estimated that the cost to the Government for the performance of this Agreement will not exceed the estimated cost set forth in the Schedule of this Agreement and the Recipient agrees to use its best efforts to carry out the program specified in the Schedule and all obligations under this Agreement within such estimated cost.

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

(c) (1) If, at any time, the Recipient has reason to believe that the costs which it expects to incur in carrying out the program of this Agreement in the next succeeding 60 days, when added to all costs previously incurred, will exceed 75 percent of the total amount then allotted to this Agreement, the Recipient shall notify the AID Grant Officer in writing to that effect. The notice shall state the estimated amount of additional funds required to continue the program for the period set forth in the Schedule. (2) Sixty days prior to the end of the period specified in the Schedule, the Recipient will advise the AID Grant Officer in writing as to the estimated amount of additional funds, if any, that will be required for the timely carrying out of the program under this Agreement or for such further period as may be specified in the Schedule or otherwise agreed to by the parties.

(3) If, after

notification, pursuant to (c)(1) or (c)(2), above additional funds are not allotted by the end of the period set forth in the Schedule or an agreed date substituted therefor, the AID Grant Officer will, upon written request by the Recipient, terminate this Agreement pursuant to the provisions of the TERMINATION provision on such date. If the Recipient, in the exercise of its reasonable judgment, estimates that the funds available will allow it to continue to discharge its obligation hereunder for a period extending beyond such date, it shall specify the later date in its request and the AID Grant Officer, in his discretion, may terminate this Agreement on that later date.

(d) Except as required by other provisions of this Agreement, specifically citing and stated to be an exception from this provision, the Government shall not be obligated to reimburse the Recipient for costs incurred in excess of the total amount from time to time allotted to this Agreement, and the Recipient shall not be obligated to continue carrying out the program under this Agreement (including actions under the TERMINATION provision) or otherwise to incur costs in excess of the amount allotted to this Agreement, unless and until the AID Grant Officer has notified the Recipient in writing that such allotted amount has been increased and has specified in such notice an increased amount constituting the total amount then allotted to this Agreement. To the extent the amount allotted 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 AID Grant Officer shall affect the amount allotted to this Agreement. In the absence of the specified notice, the Government shall not be obligated to reimburse the Recipient for any costs in excess of the total amount then allotted to this Agreement, whether those excess costs were incurred during the course of this Agreement or as result of termination. When and to the extent that the amount allotted to this Agreement has been increased, any costs incurred by the Recipient in excess of the amount previously allotted shall be allowable to the same extent as if such costs had been incurred after such increase in the amount allotted, unless the AID 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.

#### 11. USE OF FOREIGN CURRENCY

(a) Whenever the Recipient has a need to convert U.S. dollars into local currencies, such conversion shall be made through the U.S. Disbursing Officer. If the Disbursing Officer is unable to effect such conversion, the Recipient is free to use the facilities of any accredited financial institution.

(b) All expenditures of the Recipient in excess or near-excess currency countries, including per diem (subsistence) expenses, which will be reimbursable by AID under this Agreement, shall be funded from U.S. owned foreign currencies, unless otherwise authorized in writing by the AID Grant Officer .

## 12. AGREEMENT AMENDMENTS

This Agreement may be amended by formal written modifications to the basic document. Amendments may be proposed by either party to this Agreement; however, they must be acceptable to both parties before they become effective and binding.

## 13. DISPUTES

(a) Except as otherwise provided in this Agreement, any dispute concerning a question of fact arising under this Agreement which is not disposed of by agreement shall be decided by the AID Grant Officer, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Grantee. The decision of the AID Grant Officer shall be final and conclusive unless within thirty (30) days from the date of receipt of such copy, the Recipient mails or otherwise furnishes to the AID Grant Officer a written appeal addressed to the Administrator, Agency for International Development, Washington, D.C. 20523. The decision of the Administrator or his duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith or not supported by substantial evidence. In connection with any appeal proceeding under this provision, the Recipient shall be afforded an opportunity to be heard and to offer evidence in support of its appeal.

(b) This DISPUTES provision does not preclude consideration of law questions in connection with decisions provided for in paragraph (a) above; provided that nothing in this Agreement shall be construed as making final the decision of any administrative official, representative, or board on a question of law.

## 14. TERMINATION

(a) For Cause. This Agreement may be terminated for cause at any time, in whole or in part, by the AID Grant Officer upon written notice to the Recipient, whenever it is determined that the Recipient has failed to comply with the conditions of the grant.

(b) For Convenience. This Agreement may be terminated for

convenience at any time by either party, in whole or in part, if both parties agree that the continuation of this Agreement would not produce beneficial results commensurate with the further expenditures of funds. Both parties shall agree upon termination conditions, including the effective date and, in the case of partial termination, the portion to be terminated. The agreement to terminate shall be set forth in a letter from the AID Grant Officer to the Recipient.

(c) Termination Procedures. Upon receipt of and in accordance with a termination notice as specified in either paragraph (a) or (b) above, the Recipient shall forthwith take immediate action to minimize all expenditures and obligations financed by this Agreement, 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 Recipient 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 Recipient which are not otherwise obligated by a legally binding transaction applicable to this Agreement. Should the funds paid by the Government to the Recipient prior to the effective date of the termination of this Agreement, be insufficient to cover the Recipient's obligations pursuant to the aforementioned legally binding transactions, the Recipient 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 Agreement, the AID Grant Officer shall determine the amount or amounts to be paid by the Government to the Recipient under such claim in accordance with the applicable Federal cost principles.

#### 15. SUBORDINATE AGREEMENTS

The placement of subordinate agreements (e.g., leases, options, agreements, or contracts) with other organizations, firms or institutions and the provisions of such subordinate agreements are subject to prior written consent of the AID Grant Officer if they will be funded by AID hereunder, unless the Recipient's procurement system has been reviewed and approved pursuant to the appropriate section(s) of Paragraph 1U of Chapter 1, Handbook 13. In no event shall any such subordinate agreement 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 Agreement.

#### 16. PUBLICATIONS

(This provision is applicable to any agreement which

produces any book, publication, or other copyrightable material.)

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

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

(c) In the event these Agreement 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 this Agreement.

(d) The Recipient is permitted to secure copyright to any publication produced or composed under this Agreement in accordance with paragraph 1B.b. of Chapter 1, Handbook 13; Provided, that the Recipient 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 authorize others to use the work for Government purposes.

## 17. PATENTS

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

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

## 18. INELIGIBLE COUNTRIES

Unless otherwise approved by the AID Grant Officer, no AID funds will be expended for costs incurred in countries ineligible for assistance under the Foreign Assistance Act of 1961, as amended, or under acts appropriating funds for foreign assistance.

## 19. EQUAL OPPORTUNITY IN EMPLOYMENT

(This provision is applicable to all Recipients, subrecipients and contractors under this Agreement who either perform work in the United States or who recruit personnel in the United States to do work abroad.)

(a) With respect to the employment of persons in the U.S. under this Agreement, the Recipient 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, in accordance with Title VI of the Civil Rights Act of 1964, when work funded by this Agreement 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 Recipient 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 Recipient 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 AID under this Agreement 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.

## 20. 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 Agreement or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this Agreement, if made with a corporation for its general benefit.

## 21. COVENANT AGAINST CONTINGENT FEES

The Recipient warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement 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 Recipient for the purpose of securing business. For breach or violation of this warranty, AID shall have the right to cancel this Agreement without liability, or in its discretion, to deduct from the Agreement an amount, or otherwise recover, the full amount of each

commission, percentage, brokerage, or contingent fee.

## 22. NONLIABILITY

AID assumes no liability with respect to any third party for any claims for damages arising out of the program supported by this Agreement.

## 23. TITLE TO, USE, AND CARE OF PROPERTY

(a) The term "property" as used in this provision shall mean Recipient purchased property the cost of which is reimbursed by AID under this Agreement. The term "non-expendable property" means property which is complete in itself; does not lose its identity or become a component part of another article when put into use; is durable, with an expected service life of two years or more.

(b) The Schedule of this Agreement shall specify (or the AID Grant Officer may direct) that title to specific property shall be vested in the Recipient, or in the Cooperating Country. When title is to be vested in the Recipient, paragraph (c) of this provision is applicable. When title is to be vested in the Cooperating Country, paragraph (d) of this provision is applicable. If specific direction regarding placement of title is not provided either in the Schedule of this Agreement, or by the AID Grant Officer, then title shall be vested in the Recipient, and paragraph (c) of this provision is applicable.

### (c) Recipient Titled Property.

(1) The Recipient shall not charge for any depreciation, amortization, or use of property, title to which remains in the Recipient under this Agreement, or any other U.S. Government agreement, subagreement, contract, or subcontract.

(2) The Recipient agrees to use and maintain the property for the purpose of this Agreement in accordance with the requirements of paragraph 1T of Chapter 1, Handbook 13.

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

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

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

### (d) Cooperating Country Titled Property.

(1) Property titled to the Cooperating Country shall be under the custody and control of the Recipient until the owner of title directs otherwise, or completion of work under this Agreement, 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 from suppliers shall be taken in the name of the title owner.

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

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

#### 24. AUDIT AND RECORDS - NON-U.S. SUBRECIPIENTS

(1) The Recipient shall require non U.S. subrecipients (see paragraph L3, Chapter 1 of Handbook 13) to maintain books, records, documents and other evidence and accounting procedures and practices sufficient to reflect properly that funds provided by the Recipient were expended exclusively for the purposes of the subordinate agreement. Such records shall be maintained for three years following the expiration of the subordinate agreement.

(2) The Recipient shall ensure that, after each twelve months of a subordinate agreement with a non-U.S. institution, an audit is conducted on the subrecipient's records by an independent public accountant with a national certification similar or equivalent to a certified public accountant. If the Recipient determines that an audit is not possible or feasible it shall submit to the AID Grant Officer the reasons why such an audit is not possible or feasible, and present for the approval of the AID Grant Officer, alternatives which will achieve the objectives, set forth in this provision. The Recipient shall include in each subordinate agreement hereunder, a provision by which the Recipient asserts the right to audit if the independent audit does not take place or is unacceptable. The subordinate agreement shall also require that the subrecipient shall make available any further information as requested by the Recipient with respect to questions concerning the audit. The report of independent audit shall be submitted to the Recipient and retained by it in accordance with the standard provision entitled ACCOUNTING, AUDIT AND RECORDS.

(3) The purpose of the independent audit shall be to determine the propriety and necessity of the subrecipient's expenditures in terms of the purposes for which the funds were made available, and the adequacy of the subrecipient's financial management. Notwithstanding the requirement for an independent audit, the AID Auditor General and the Comptroller General of the United States or their duly authorized representatives (see paragraph I6, Chapter 1 of Handbook 13) reserve the right to conduct an audit of the subrecipient's books and records to determine whether the subrecipient has expended AID's funds in accordance with the terms of this Agreement. The terms of this Provision are applicable only to subordinate agreements with non-U.S. institutions.

## 25. REGULATIONS GOVERNING EMPLOYEES OUTSIDE THE UNITED STATES

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

(a) The Recipient'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 Recipient 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 Agreement for which an employee or consultant is assigned by the Recipient, no regular or short term employee or consultant of the Recipient 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 Recipient'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 Recipient employee is not in accordance with the preceding paragraphs, the Recipient's chief of party shall consult with the Mission Director and the employee involved and shall recommend to the Recipient 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 Agreement of any third country national when, in the discretion of the Ambassador, the interests of the United States so require.

## 26. 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;

TO THE: Recipient at Recipient's address shown in this Agreement;  
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.