

UNITED STATES AID MISSION to BOLIVIA  
c/o American Embassy  
La Paz, Bolivia

PD-AAU-266

47106

USAID - BOLIVIA  
APO MIAMI 34032

Telephones: 350120, 350251  
Casilla 673  
La Paz, Bolivia

August 29, 1986

Mr. Carlos Iturralde B.  
President  
Confederación de Empresarios Privados de Bolivia  
Casilla Postal No. 20439  
La Paz, Bolivia

Sub: Specific Support Grant  
No. 511-0592-G-00

Dear Mr. Iturralde:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter "A.I.D." or "Grantor") hereby grants to the Confederación de Empresarios Privados de Bolivia (CEPB) ("Grantee") the sum of \$250,000 to provide support for a Narcotics Awareness Project for Bolivia, as described in the Schedule of this grant and the Attachment 2, entitled "Program Description."

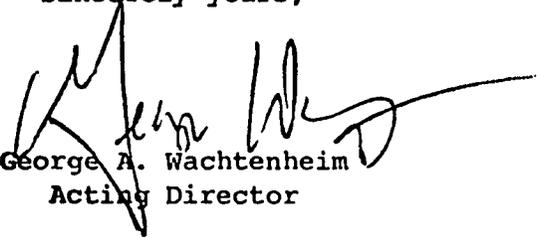
This grant is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Grantee in furtherance of program objectives during the period beginning with the effective date and ending August 31, 1988.

Prior to the first disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursements will be made, the Grantee will submit to A.I.D. a detailed one-year implementation plan for a nationwide narcotics awareness and education campaign, such plan to be acceptable to A.I.D. in form and substance. The implementation plan shall include an evaluation plan, to be conducted approximately one year from the date of the initial disbursement, assessing the impact of the project and making recommendations for a longer range narcotics awareness and education campaign.

This grant is made to CEPB on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1, entitled Schedule, Attachment 2, entitled "Program Description," and Attachment 3, entitled "Standard Provisions," which have been agreed to by your organization.

Please sign the original and seven (7) copies of this letter to acknowledge your receipt of the grant, and return the original and six (6) copies to USAID/Bolivia.

Sincerely yours,



George A. Wachtenheim  
Acting Director

**Attachments:**

1. Schedule
2. Program Description
3. Standard Provisions

**ACKNOWLEDGED:**

CONFEDERACION DE EMPRESARIOS PRIVADOS DE BOLIVIA

BY: 

Title: \_\_\_\_\_

Date: \_\_\_\_\_

FISCAL DATA

Appropriation : 72-1161021.5  
Budget Plan Code : LDAA-86-25511-EG13  
PIO/T No. : 511-0592-3-60108.01  
Project No. : 511-0592  
Total Estimated Amount : \$250,000  
Total Obligated Amount : \$250,000  
Funding Source : USAID

PD&I:AMDíaz:myy

CLEARANCES:

HHR:GBowers	<u>SS</u>	date	<u>8/28/86</u>
PRD:TDJohnston	<u>TD</u>	date	<u>8/28/86</u>
CONT:SGLiapis	<u>AP</u>	date	<u>8/28/86</u>
DP:LDowning	<u>LD</u>	date	<u>8/24/86</u>
PD&I:RJAsselin, Jr.	<u>12/1</u>	date	<u>8/24</u>
GC/LAC:MRiedy (in draft)		date	<u>8/27/86</u>

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ATTACHMENT 1

SCHEDULE

**A. Purpose of Grant**

The purpose of this Grant is to provide funds for the Narcotics Awareness Project, as more specifically described in Attachment 2 to this Grant entitled "Program Description."

**B. Period of Grant**

1. The effective date of this Grant is August 29, 1986. The expiration date of this Grant is August 31, 1988.

2. Funds obligated hereunder are available for program expenditures for the estimated period which starts with the effective date of this Grant and ends August 31, 1988, as shown in the Financial Plan below.

**C. Amount of Grant and Payment**

1. The total estimated amount for this Grant for program expenditures during the period set forth in B.1. above is \$250,000.

2. A.I.D. hereby obligates the amount of \$250,000 for program expenditures during the period set forth in B.2 above and as shown in the Financial Plan below.

3. Payment shall be made to the Grantee in accordance with procedures set forth in Attachment 3 Standard Provision entitled "Payment-Periodic Advance."

**D. Financial Plan**

The total budget is \$250,000. The detailed financial plan to cover project activities to be carried out by CEPB under this grant will be agreed upon between A.I.D. and CEPB under a separate letter of implementation. This letter will break down the project inputs to be financed by the \$250,000 i.e.: 1) technical assistance for development and implementation of narcotics education/awareness campaign, 2) commodities (audio-visual equipment, etc.), 3) CEPB operation costs, and 4) other costs. Once approved, revisions to this financial plan shall be made in accordance with the standard provisions of this Grant Agreement, entitled "Revision of Financial Plans."

E. Reporting and Evaluation

The Grantee will submit to A.I.D. quarterly progress reports in Spanish discussing the progress made in attaining the purpose of the grant, and providing a plan of action for the subsequent quarter. This report will provide the basis for quarterly meetings between A.I.D. and CEPB project personnel for the purpose of making joint decisions regarding project implementation. In addition, approximately one year from the effective date of this Agreement, the Grantee will carry out an evaluation of the project, in accordance with the evaluation plan mentioned in the letter Grant Agreement, assessing the results of the CEPB Narcotics Awareness Program, and providing detailed recommendations for improving the project's efforts to inform the public about the narcotics use/trafficking problem in Bolivia in the long range.

F. Special Provisions

1. Prior to disbursement of funds under this Agreement, the Grantee will provide to A.I.D. for its approval the implementation plan described in Attachment 2.

2. The CEPB must obtain A.I.D. approval of: (a) all personnel hired with project funds prior to their being contracted, and (b) all contracts in excess of \$10,000 financed with project funds.

G. Title to Property

Title to all property financed under this Grant shall vest in the Grantee, subject to the conditions set forth in Annex 3 Standard Provision entitled "Title to and Use of Property (Grantee Title)."

H. Authorized Geographic Code

The authorized geographic code for procurement of goods and services under this Grant is 000 (the United States) and Bolivia as set forth in Annex 3 Standard Provisions entitled "A.I.D. Eligibility Rules for Goods and Services" and "Local Cost Financing with U.S. Dollars."

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NARCOTICS AWARENESS  
(511-0592)

PROGRAM DESCRIPTION

I. BACKGROUND

The use of coca leaves, chewed by the indigenous population and incorporated into tea and medicines, is legal in Bolivia. Processing of leaves into cocaine hydrochloride crystals (HCL) and related unrefined products, however, is neither traditional nor legal.

Bolivia is a major producer of coca leaves, and currently has a surplus production of 100,000 metric tons over its roughly estimated legal and traditional needs. This surplus, which is converted to cocaine, fuels the efforts of traffickers and satisfies the needs of the growing number of drug users, both inside and outside Bolivia.

The rapid growth in coca production and cocaine trafficking is distorting Bolivia's entire economic structure -- labor, markets, supply and demand. The influence of the drug trade on Bolivian society goes far beyond its major role as the principal cash crop for many peasants. The poor continue to migrate to key coca producing regions seeking ready work and cash. This trend could increase dramatically as Bolivian tin mines close down in the face of the drastic fall in world tin prices and as landless and unemployed miners seek employment alternatives. Thus far, 4,000 to 5,000 miners have migrated to coca-producing areas of the country. In Cochabamba's agro-industries, for example, diversion of resources, transportation, and skilled labor has severely disrupted normal legitimate trade patterns.

The "coca industry" not only threatens Bolivia's economy, but also the health status of its population and its fragile democracy. A few years ago, the use of substances containing coca, other than the raw leaf, was rare in Bolivia. Today, the abuse of cocaine and coca paste is rapidly accelerating. Availability of refined and semi-refined coca products and the search for new markets by traffickers make Bolivia itself, and particularly its youth, prime targets. Media reports of youths smoking "pitillos" (cigarettes laced with coca paste) and abusing other toxic drugs are common. Some Bolivian officials, noting that campesinos reportedly receive part of their pay in paste, estimate that as many as 60,000 Bolivians now smoke "pitillos", with the highest prevalence of abuse among younger teenagers. Although there is increasing public recognition of the problem, Bolivia is ill-prepared to counter the debilitating long-term effects of social and economic dependency on drugs.

Because domestic abuse of cocaine and related drugs is relatively recent, treatment and rehabilitation programs are scarce and, in some instances, unskilled. Several small private and government treatment facilities do exist, but are inadequate to cope with the problem.

Available statistics do not show the true dimensions of the drug use problem. For example, Government statistics reveal that during 1983 a total of 755 individuals were treated for drug abuse on an in-patient or out-patient basis. It is believed that the number of drug abusers is many times this figure.

Finally, narcotics trafficking poses a serious threat to the survival of Bolivia's economic and political structure. As discussed under the constraint section of this paper, the "narcotics industry" plays a significant role in Bolivia's economy. For instance, it is estimated that the industry: (a) contributed between 30% to 45% in value added to Bolivia's GDP in 1985; and (b) generates, directly or indirectly, over 300,000 jobs. In addition, it is believed that narcotics traffickers have been acquiring increased numbers of legitimate businesses, particularly in the transportation and finance sectors. Yet, despite their important economic role, there is a growing public recognition, that if left unchecked, the economic power which narcotics traffickers wield may pervade and corrupt all spheres of life in Bolivia. A particular concern is the survival of Bolivia's fragile democracy.

Given the above situation, intensive educational and awareness efforts will be needed to make Bolivians respond openly and actively to the drug trafficking and consumption problem. By developing a high degree of awareness at all levels of Bolivian society about the threat that the narcotics industry poses to Bolivia's legitimate economic activities, its democracy, and the health of its population, the project is expected to stimulate Bolivian efforts, both public and private, to address the problem with determination and on a sustained basis.

## II. PROJECT DESCRIPTION

A. Goal: To strengthen the Bolivian Government's and people's commitment to undertake legal, economic and education measures to control illicit narcotics consumption and trafficking.

B. Purpose: To mobilize the private sector in Bolivia to develop and carry out nationwide awareness and education campaigns against illicit narcotics use and trafficking.

### C. End of Project Status

1. Nationwide narcotics education campaigns being carried out on a sustained basis by private sector institutions.

2. Broadened public support for GOB actions against illicit narcotics use.

3. Strengthened capability of at least one private sector institution (the Confederation of Private Bolivian Entrepreneurs) to carry out drug awareness and education campaigns.

<u>D. Outputs</u>	<u>All years</u>
1. Studies conducted	4
2. Private sector drug awareness/education campaigns carried out	x
3. All Bolivian TV stations airing periodic narcotics awareness messages	x
4. All radio stations in all major Bolivian cities airing periodic narcotics awareness messages	x
5. All major Bolivian newspapers cooperating in drug awareness/education campaigns	x
6. Public education courses and seminars conducted on drug awareness	12
7. Percentage of the Bolivian population reached with combined radio, TV, and newspaper messages	80
8. Evaluation	x

E. Project Components

The project will be carried out in three stages. The second and third stages will be timed to utilize the implementation experience and results of the previous stages, although certain awareness/education activities to be undertaken under stage two may be implemented by the CEPB concurrently with stage one, as jointly agreed to by the CEPB and USAID/Bolivia. The project components will be as follows:

1. Stage 1. - Short-Term (three months) - Studies and Baseline Information.

The following studies, the results of which will be made available to CEPB, are being financed directly by USAID/Bolivia. Some are already underway and the others will be initiated by September 15, 1986, as discussed below.

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a. Study on incidence of use and amount of consumption of narcotics among youth (8 to 25 yrs.) and public opinion on this issue: This study has been contracted to a Bolivian firm, ABC Advertising. The study will provide data on the prevalence of consumption among the target population and other issues related to individual drug use. The study will compile information on the way key persons and institutions perceive narcotics consumption and trafficking problems, as the basis for the awareness campaign. The contractor will also analyze findings from prior studies carried out in 1979 and 1982.

b. Case Studies: It is planned to conduct 24 comprehensive case studies among drug users in La Paz, Cochabamba and Santa Cruz. This body of information will provide an in-depth understanding of the consequences of drug abuse in Bolivia by studying, over time, the daily lives of the target group, their families, and work situations, and their perception of their reality. This study will be carried out under the auspices of the Bolivian American Chamber of Commerce.

c. Institutional Study: This is a study of private and public institutions presently involved with narcotics awareness activities, planning such activities, or with the capacity to conduct such activities, to identify potential resources and create efficient strategies for awareness campaign management. The study will be conducted by the Bolivian American Chamber of Commerce.

The above studies are expected to provide the necessary information to develop and conduct immediate mass media presentations (TV, radio, and printed media) on the negative consequences of illicit narcotics in Bolivia. The major theme of those messages will focus on social and health problems of addiction, with other themes (economic and political) to be selected upon completion of an initial assessment of the public information base.

2. Stage 2 - Medium Term (up to one year) - Expand the Awareness Campaign through the Private Sector.

The project will enlist and support the participation of selected private sector institutions to address the narcotic problem in Bolivia. This stage includes:

a. Support to the Confederación de Empresarios Privados de Bolivia (CEPB) to conduct an anti-narcotics campaign among the private sector to mobilize citizen groups, private voluntary agencies, service organizations and religious groups. CEPB will contribute policy direction, program implementation, office space and equipment, member financial contributions and its national and regional infrastructure to the program.

The project will finance one CEPB coordinator, a secretary for up to one year; funding for the development of a campaign using written and audio-visual materials (as per a campaign plan to be developed by CEPB); and funding for direct and operational costs of project implementation. In addition the USAID will provide one consultant for two weeks to help CEPB in developing the detailed project implementation plan.

The CEPB will execute contracts with professional public relations firms (expected to be Bolivian firms) to develop campaign themes and messages. Those messages will be distributed through commercial media as well as through channels controlled by CEPB. Examples of CEPB channels include campaign slogans to be printed on utility bills and on packaging of consumer products marketed by CEPB members.

The program will be managed by CEPB's Internal and International Committee, supplemented by the program coordinator and secretary.

It is expected that this activity will lead to an increase in the number of private organizations involved in the prevention of the negative consequences of illicit narcotics, and an increased demand for prevention materials and technical assistance. The findings of the evaluation that will be conducted towards the end of the second stage will be used to decide on the continuation and extent of A.I.D. support to narcotics awareness activities through CEPB.

b. Other possible activities will be considered, as required, during project implementation. Support for these activities will be carefully considered within the context of USAID/Bolivia's overall narcotics awareness program and the availability of resources.

### 3. Stage 3 - Long Term Narcotics Awareness Campaign

The results of both the short and medium term components will provide sufficient experience with Bolivian private and public organizations concerned with the narcotics problem to permit the planning and implementation of a longer range public awareness program. CEPB will conduct an evaluation approximately one year from the date of USAID/Bolivia's initial disbursement of project funds to CEPB, assessing the impact of the project and making recommendations for a longer range narcotics awareness and education campaign. USAID/Bolivia will use the results of this evaluation to determine the extent and scope of A.I.D. support to follow-on narcotics awareness and education activities in Bolivia.

### III. PROJECT IMPLEMENTATION

USAID/Bolivia has funded directly the studies discussed in Section II of this Attachment. The findings of these studies will be made available to the CEPB to develop and implement the narcotics awareness and education campaign using funds provided through a Specific Support Grant Agreement to be signed between USAID/Bolivia and CEPB. Disbursements to CEPB under this Grant Agreement will be conditioned on the presentation of a detailed implementation plan to be submitted by CEPB to USAID/Bolivia for approval. This implementation plan will include the following:

--A discussion on the scope of the narcotics awareness and education activities which CEPB will carry out to address the narcotics problem in Bolivia;

--A time-phased plan for carrying out such activities;

--A discussion of the resources (funds broken down by F/X and L/C, personnel, operational support, commodities) needed to carry out the implementation plan; and

--An Evaluation Plan to assess the results of the CEPB narcotics awareness program, and to provide detailed recommendations for a strategy to deal with the narcotics use/trafficking problem in Bolivia in the long range.

#### A. Project Management Responsibilities

##### 1. USAID/Bolivia

USAID/Bolivia will contract a Bolivian Project Coordinator under a Personal Services Contract (PSC) arrangement using local currency counterpart contributions. This PSC will work under the direct supervision of the USAID/Bolivia direct hire Project Manager and will provide a link between USAID/Bolivia and the private sector institutions which will participate in the USAID-sponsored drug awareness/education activities. Specifically, under the direction of the USAID/Bolivia project manager, the PSC Project Coordinator will work closely on all narcotics awareness related matters with CEPB personnel and the short-term experts who will be contracted by CEPB to: ensure compliance with the project implementation plan and with the terms and conditions of the USAID/CEPB grant agreement; monitor proper provision of short-term advisors under the grant agreement; verify that program procedures are followed for all AID-financed acquisitions; and help solve implementation problems as they arise. In addition, he/she will serve, on a daily basis, as liaison with the CEPB Project Coordinator, CESE and other GOB/private sector organizations involved in narcotics awareness and education activities in Bolivia.



C. Procurement Plan

CEPB will carry out all project procurement following AID regulations. The USAID/Bolivia Project Coordinator (PSC) and Project Manager will assist the CEPB in procuring the following on a timely basis:

- services of CEPB Project Coordinator and Secretary
- short-term consultants
- audio visual equipment and training activities
- office materials and supplies
- studies and other information gathering activities

There is no other procurement anticipated.

D. Evaluation Plan

An evaluation plan will be included as part of CEPB's implementation plan.

### ATTACHMENT 3

#### STANDARD PROVISIONS

##### ALLOWABLE COSTS (November 1984)

The grantee shall be reimbursed for costs incurred in carrying out the purposes of this grant which are determined by the grant officer to be reasonable, allocable, and allowable in accordance with the terms of this grant and the cost principles (hereinafter referred to as "applicable cost principles") in effect on the date of this grant, which are attached.\*

(a) Reasonable Shall mean those costs that do not exceed those which would be incurred by an ordinarily prudent person in the conduct of normal business.

(b) Allocable Costs Shall mean those costs which are necessary to the grant.

(c) Allowable Costs Shall mean those costs which must conform to any limitations set forth in this grant.

(d) Unallowable costs, direct or indirect, include but are not limited to the following examples: Advertising, bad debts, contingencies, entertainment, fines and penalties, interest, fund raising, investment management costs, losses on other awards, taxes, first class air fare unless specifically approved, certain relocation costs, and professional service costs incurred in connection with litigation against the U.S. Government, and organization or reorganization costs. Additionally, public information service costs are unallowable as indirect costs. The applicable cost principles do authorize some of the above listed unallowable costs in appropriate circumstances. Prior to incurring a questionable or unique cost, the grantee should obtain the grant officer's written determination as to whether the cost will be allowable.

\*Note: OMB Circular A-21 shall apply to universities.  
OMB Circular A-122 shall apply to all other non profits.

##### 2. ACCOUNTING, AUDIT, AND RECORDS (November 1984)

(a) The grantee shall maintain books, records, documents, and other evidence in accordance with the grantee's usual accounting procedures to sufficiently substantiate charges to the grant. The grantee's financial management system shall provide for the following:

1. Accurate, current, and complete disclosure for each AID-sponsored project or program in accordance with the reporting requirements of this grant. While AID requires reporting on an accrual basis, the grantee shall not be required to establish an accrual accounting system but shall develop such accrual data for its reports on the basis of an analysis of the documentation on hand.

2. Records that identify adequately the source and application of funds for AID-sponsored activities. These records shall contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, and income.

3. Effective control over and accountability for all funds, property, and other assets. Grantee shall adequately safeguard all such assets and shall ensure that they are used solely for authorized purposes.

4. Comparison of actual outlays with budget amounts for each grant. Financial information should be related to performance and unit-cost data whenever appropriate.

5. Accounting records that are supported by documentation that at a minimum will identify, segregate, accumulate, and record all costs incurred under a grant and which fully disclose (1) the amount and disposition by the grantee of the proceeds of such assistance, (2) the total cost of the project or undertaking in connection with which such assistance is given or used, (3) the amount of that portion of the cost of the project or undertaking supplied by other sources, and (4) such other records as will facilitate an effective audit.

(b) The grantee shall preserve and make available such records for examination and audit by AID and the Comptroller General of the United States, or their authorized representatives (1) until the expiration of three years from the date of termination of the grant and (2) for such longer period, if any, as is required to complete an audit to resolve all questions concerning expenditures unless written approval has been obtained from the grant officer to dispose of the records. AID follows generally accepted accounting principles and auditing standards in determining that there has been proper accounting and use of grant funds. The grantee agrees to make available any further information requested by AID with respect to any questions arising as a result of the audit.

(c) The grantee shall require subgrantees to adopt the standards in paragraph (b) above.

### 3. REFUNDS (November 1984)

(a) If use of the AID funds results in accrual of interest to the grantee or to any other person to whom the grantee makes AID funds available, the grantee shall refund to AID the amount of interest accrued.

(b) Funds obligated by AID but not disbursed to the grantee at the time the grant expires or is terminated shall revert to AID, except for such funds encumbered by the grantee by a legally binding transaction

applicable to this grant. Any funds disbursed to but not expended by the grantee at the time of expiration or termination of the grant shall be refunded to AID.

(c) If, at any time during the life of the grant, or as a result of final audit, it is determined by AID that funds it provided under this grant have been expended for purposes not in accordance with the terms of this grant, the grantee shall refund such amount to AID.

4. REVISION OF GRANT BUDGET (November 1984)

(a) The approved grant budget is the financial expression of the grantee's program as approved during the grant award process.

(b) The grantee shall immediately request approval from the grant officer when there is reason to believe that within the next 30 calendar days a revision of the approved grant budget will be necessary for any of the following reasons:

1. To change the scope or the objectives of the project and/or revise the funding allocated among project objectives.

2. Additional funding is needed.

3. The grantee expects the amount of AID authorized funds to exceed its needs by more than \$5,000 or five percent of the AID award, whichever is greater.

4. The grantee plans to transfer funds budgeted for indirect costs to absorb increases in direct costs or vice versa.

5. The grantee intends to contract or subgrant any of the work under this grant, and such contracts or subgrants were not included in the approved grant budget.

(c) Except as required by other provisions of this grant specifically stated to be an exception from this provision, the Government shall not be obligated to reimburse the grantee for costs incurred in excess of the total amount obligated under the grant. The grantee shall not be obligated to continue performance under the grant (including actions under the "Termination" provision) or otherwise to incur costs in excess of the amount obligated under the grant, unless and until the grant officer has notified the grantee in writing that such obligated amount has been increased and has specified the new grant total amount.

5. TERMINATION AND SUSPENSION (November 1984)

(a) For Cause This grant may be terminated for cause at any

time, in whole or in part, by the grant officer upon written notice to the grantee, whenever it is determined that the grantee has failed to comply with the conditions of the grant.

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

(c) Termination Procedures Upon receipt of and in accordance with a termination notice as specified in either paragraph (a) or (b) above, the grantee shall take immediate action to minimize all expenditures and obligations financed by this grant and shall cancel such unliquidated obligations whenever possible. Except as provided below, no further reimbursement shall be made after the effective date of termination. The grantee shall within 30 calendar days after the effective date of such termination repay to the Government all unexpended AID funds which are or otherwise obligated by a legally binding transaction applicable to this grant. Should the funds paid by the Government to the grantee prior to the effective date of the termination of this grant be insufficient to cover the grantee's obligations in the legally binding transaction, the grantee may submit to the Government within 90 calendar days after the effective date of such termination a written claim covering such obligations. The grant officer shall determine the amount(s) to be paid by the Government to the grantee under such claim in accordance with the applicable cost principles.

(d) Suspension; Termination for Changed Circumstances  
If at any time AID determines that continuation of funding for a program should be suspended or terminated because such assistance is not in the national interest of the United States or that it would be in violation of an applicable law, then AID may, following notice to the grantee, suspend this grant and prohibit the grantee from incurring additional obligations chargeable to this grant other than necessary and proper costs in accordance with the terms of this grant during the period of suspension. If the situation causing the suspension continues for 60 days or more, then AID may terminate this grant on written notice to the grantee and cancel that portion of this grant which has not been disbursed or irrevocably committed to thir parties. Financial settlement of this grant shall be governed by the termination procedures specified in paragraph (c) above.

## 6. DISPUTES (November 1984)

(a) Any dispute under this grant shall be decided by the AID

grant officer. The grant officer shall furnish the grantee a written copy of the decision.

(b) Decisions of the AID grant officer shall be final unless, within 30 days of receipt of the decision of the grant officer, the grantee appeals the decision to the Administrator of AID. Any appeal made under this provision shall be in writing and addressed to the Administrator, Agency for International Development, Washington, D.C. 20523. A copy of the appeal shall be concurrently furnished to the grant officer.

(c) In connection with any appeal proceeding under this provision, the grantee shall be given an opportunity to be heard and to offer evidence in support of its appeal.

(d) A decision under this provision by the Administrator or his authorized representative shall be final unless overruled by a court of competent jurisdiction.

7. INELIGIBLE COUNTRIES (November 1984)

Unless otherwise approved by the AID grant officer, no 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.

8. NONDISCRIMINATION IN FEDERALLY ASSISTED PROGRAMS  
(November 1984)

No person in the United States, consistent with the laws of the United States, shall be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity funded by this grant on the basis of race, color, national origin, age, handicap, or sex.

9. U.S. OFFICIALS NOT TO BENEFIT (November 1984)

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

10. COVENANT AGAINST CONTINGENT FEES (November 1984)

The grantee certifies that no person or selling agency has been employed or retained to solicit or secure this grant upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee except bona fide employees or bona fide established commercial or selling

agencies maintained by the grantee for the purpose of securing business. For breach or violation of this certification, AID shall have the right to cancel this grant without liability or, to deduct from the grant amount, or otherwise recover, the full amount of each commission, percentage, brokerage, or contingent fee.

11. NONLIABILITY (November 1984)

AID does not assume liability for any third party claims for damages arising out of this grant.

12. AMENDMENT (November 1984)

The grant may be amended by formal modifications to the basis grant document or by means of an exchange of letters between the grant officer and an appropriate official of the grantee.

13. NOTICES (November 1984)

Any notice given by AID or the grantee shall be sufficient only if in writing and delivered in person, mailed, or cabled as follows:

To the AID grant officer, at the address specified in the grant.

To grantee, at grantee's address shown in the grant or to such other address designated within the grant.

Notices shall be effective when delivered in accordance with this provision, or on the effective date of the notice, whichever is later.

B. The following Standard Provisions are required to be used when applicable. Applicability statements are contained in the parenthetical statement preceding the Standard Provision as set forth below. When a Standard Provision is determined to be applicable in accordance with the applicability statement, the use of such Standard Provision is mandatory unless a deviation has been approved in accordance with Paragraph 1E of Chapter 1 of this Handbook.

14. PAYMENT - PERIODIC ADVANCE (November 1984)

(This provision is applicable when (1) the grantee has an acceptable accounting system (2) the grantee has the ability to maintain procedures that will minimize the time lapsing between the transfer of funds and the disbursement thereof, and (3) the grantee's financial management system meets the standards for fund control and accountability required under the standard provision of this agreement entitled "Accounting, Audit and Records).

(a) AID funds shall not be commingled with other grantee owned or controlled funds. The grantee shall deposit all AID cash advances in a

separate bank account and shall make all disbursements for goods and services from this account.

(b) Each quarter, after the initial cash advance, the grantee shall submit to the AID Controller, identified in the schedule, voucher form SF 1034 (original) and SF 1034-A (three copies), entitled "Public Voucher for Purchases and Services Other Than Personal", copies of which are attached.

(c) Each voucher shall be identified by the appropriate grant number and shall be accompanied by an original and three copies of a report in the following format:

FEDERAL CASH ADVANCE STATUS REPORT  
(Report Control No. W-245)

A. Period covered by this report:

FROM (Month, day, year) \_\_\_\_\_  
TO (Month, day, year) \_\_\_\_\_  
Period covered by the next report  
FROM (Month, day, year) \_\_\_\_\_  
TO (Month, day, year) \_\_\_\_\_

B. Cash Advance Use and Needs:

- 1. Cash advance on hand at the beginning of this reporting period.....\$ \_\_\_\_\_
- 2. U.S. Treasury check advance(s) received during this reporting period.....\$ \_\_\_\_\_
- 3. Interest earned on cash advance during this reporting period.....\$ \_\_\_\_\_
- 4. GROSS cash advance available during this reporting period (Lines 1, 2, & 3).....\$ \_\_\_\_\_
- 5. LESS, interest remitted to AID during this reporting period.....\$ \_\_\_\_\_
- 6. NET cash advance available during this reporting period (Line 4 minus Line 5).....\$ \_\_\_\_\_
- 7. Total disbursements during this reporting period, including subadvances (see footnote 1).....\$ \_\_\_\_\_
- 8. Amount of cash advances available at the end of this reporting period (Line 6 minus Line 7).....\$ \_\_\_\_\_

9. Projected disbursements, including subadvances, for the next reporting period (see footnote 2).....\$ \_\_\_\_\_

10. Additional cash advance requested for the next reporting period (Line 9 minus Line 8).....\$ \_\_\_\_\_

11. Total interest earned on cash advance from the start of the grant to the end of this reporting period, but not remitted to AID.....\$ \_\_\_\_\_

12. Total cash advances to subgrantees, if any, as of the end of this reporting period.....\$ \_\_\_\_\_

FOOTNOTES:

1. The grantee shall submit a cumulative detailed report of disbursements by BUDGET line item quarterly.

2. The grantee shall attach a Summary, by BUDGET line item, of its projected disbursements for the next reporting period.

C. Certification:

The undersigned hereby certifies: (1) that the amount in paragraph B.9 above represents the best estimates of funds needed for the disbursements to be incurred over the period describe, (2) that appropriate refund or credit to the grant will be made in the event of disallowance in accordance with the terms of the grant, (3) that appropriate refund or credit to the grant will be made in the event funds are not expended, and (4) that any interest accrued on the funds made available herein will be refunded to AID.

15. AIR TRAVEL AND TRANSPORTATION (NOVEMBER 1984) .

(This provision is applicable when any costs for air travel or transportation are included in the budget).

(a) The grantee is required to present to the project officer for written approval an itinerary for each planned international trip financed by this grant, which shows the name of the traveler, purpose of the trip, origin/destination (and intervening stops), and dates of travel, as far in advance of the proposed travel as possible, but in no event less than three weeks before travel is planned to commence. At least one week prior to commencement of approved international travel, the grantee shall notify the cognizant mission, with a copy to the project officer, of planned travel, identifying the travellers and the dates and times of arrival.

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

(c) All air travel and shipments under this grant are required to be made on United States flag air carriers to the extent service by such carriers is available. A U.S. flag air carrier is defined as an air carrier which has a certificate of public convenience and necessity issued by the U.S. Civil Aeronautics Board authorizing operations between the United States and/or its territories and one or more foreign countries.

(d) Use of foreign air carrier service may be deemed necessary if a U.S. flag air carrier cannot provide the foreign air transportation needed, or if use of such service will not accomplish the agency's mission. Travel and transportation on non-free world air carriers are not reimbursable under this grant.

(e) U.S. flag air carrier service is considered available even though:

1. Comparable or a different kind of service can be provided at less cost by a foreign air carrier;

2. Foreign air carrier service is preferred by or is more convenient for the agency or traveler; or

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3. Service by a foreign air carrier can be paid for in excess foreign currency, unless U.S. flag air carriers decline to accept excess or near excess foreign currencies for transportation payable only out of such monies.

(f) Except as provided in paragraph (b) of this section, U.S. flag air carrier service must be used for all Government-financed commercial foreign air travel if service provided by such carriers is available. In determining availability of a U.S. flag air carrier, the following scheduling principles should be followed unless their application results in the last or first leg of travel to or from the United States being performed by a foreign air carrier:

1. U.S. flag air carrier service available at point of origin should be used to destination or in the absence of direct or through service to the farthest interchange point on a usually traveled route;

2. Where an origin or interchange point is not served by U.S. flag air carrier, foreign air carrier service should be used only to the nearest interchange point on a usually traveled route to connect with U.S. flag air carrier service; or

3. Where a U.S. flag air carrier involuntarily reroutes the traveler via a foreign air carrier the foreign air carrier may be used notwithstanding the availability of alternative U.S. flag air carrier service.

(g) For travel between a gateway airport in the United States (the last U.S. airport from which the traveler's flight departs or the first U.S. airport at which the traveler's flight arrives) and a gateway airport abroad (that airport from which the traveler last embarks enroute to the U.S. or at which he first debarks incident to travel from the U.S.), passenger service by U.S. flag air carrier will not be considered available:

1. Where the gateway airport abroad is the traveler's origin or destination airport, and the use of U.S. flag air carrier service would extend the time in a travel status, including delay at origin and accelerated arrival at destination, by at least 24 hours more than travel by foreign air carrier:

2. Where the gateway airport abroad is an interchange point, and the use of U.S. flag air carrier service would require the traveler to wait six hours or more to make connections at that point, or delayed departure from or accelerated arrival at the gateway airport in the United States would extend the time in a travel status by at least six hours more than travel by foreign air carrier.

(h) For travel between two points outside the United States the rules in paragraphs (d) through (f) of this section will be applicable, but passenger service by U.S. flag air carrier will not be considered to be reasonably available:

1. If travel by foreign air carrier would eliminate two or more aircraft changes enroute;

2. Where one of the two points abroad is the gateway airport (as defined in paragraph (g) of this section) enroute to or from the United States, if the use of a U.S. flag air carrier would extend the time in a travel status by at least six hours more than travel by foreign air carrier including accelerated arrival at the overseas destination or delayed departure from the overseas origin as well as delay at the gateway airport or other interchange point abroad; or

3. Where the travel is not part of a trip to or from the United States, if the use of a U.S. flag air carrier would extend the time in a travel status by at least six hours more

than travel by foreign air carrier including delay at origin, delay enroute and accelerated arrival at destination.

(i) When travel under either paragraph (g) or (h) of this section involves three hours or less between origin and destination by a foreign air carrier, U.S. flag air carrier service will not be considered available when it involves twice such travel time or more.

(j) Nothing in the above guidelines shall preclude and no penalty shall attend the use of a foreign air carrier which provides transportation under an air transport agreement between the United States and a foreign government, the terms of which are consistent with the international aviation policy goals set forth at 49 U.S.C. 1502(b) and provide reciprocal rights and benefits.

(k) Where U.S. Government funds are used to reimburse the grantee's use of other than U.S. flag carriers for international transportation, the grantee will include a certification on vouchers involving such transportation which is essentially as follows:

CERTIFICATION OF UNAVAILABILITY OF U.S. FLAG AIR CARRIERS

I hereby certify that the transportation service for personnel (and their personal effects) or property by certificated air carrier was unavailable for the following reason(s): (State appropriate reason(s) as set forth above).

(1) International Travel

(i) As used herein, the term "international travel" includes travel to all countries other than those within the home country of the grantee.

(ii) The grantee will be reimbursed for travel and the reasonable cost of subsistence, post differentials and other allowances paid to employees in an international travel status in accordance with the grantee's established policies and practices which are uniformly applied to federally financed and other activities of the grantee. The standard for determining the reasonableness of reimbursement for overseas allowance is the Standardized Regulations (Government Civilians, Foreign Areas), published by the U.S. Department of State, as from time to time amended. The most current subsistence, post differentials, and other allowances may be obtained from the grant officer.

(m) This provision will be included in all subagreements and contracts which require air travel and transportation under this grant.

16. OCEAN SHIPMENT OF GOODS (NOVEMBER 1984)

(This provision is applicable when goods purchased with funds provided under this grant are transported to cooperating countries on ocean vessels).

(a) At least 50% of the gross tonnage of all goods purchased under this grant and transported to the cooperating countries shall be made on privately owned U.S. flag commercial ocean vessels, to the extent such vessels are available at fair and reasonable rates for such vessels.

(b) At least 50% of the gross freight revenue generated by shipments of goods purchased under this grant and transported to the cooperating countries on dry cargo liners shall be paid to or for the benefit of privately owned U.S. flag commercial ocean vessels to the extent such vessels are available at fair and reasonable rates for such vessels.

(c) When U.S. flag vessels are not available, or their use would result in a significant delay, the grantee may request a determination of non-availability from the AID Transportation Support Division, Office of Commodity Management, Washington, D.C. 20523, giving the basis for the request which will relieve the grantee of the requirement to use U.S. flag vessels for the amount of tonnage included in the determination. Shipments made on non-free world ocean vessels are not reimbursable under this grant.

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(d) Vouchers submitted for reimbursement which include ocean shipment costs shall contain a certification essentially as follows:

"I hereby certify that a copy of each ocean bill of lading concerned has been submitted to the U.S. Department of Transportation, Maritime Administration, Division of National Cargo, 400 7th Street, S.W., Washington, D.C. 20590, and that such bills of lading state all of the carrier's charges including the basis for calculation such as weight or cubic measurement."

17. PROCUREMENT OF GOODS AND SERVICES (NOVEMBER 1984)

(This provision is applicable when goods or services are procured under the grant).

The grantee may use its own procurement policies and practices for the procurement of goods and services under this grant, provided they conform to all of AID's requirements listed below and the standard provision entitled "Ineligible and Restricted Goods and Services":

(a) General Requirements:

1. The recipient shall maintain a code or standards of conduct that shall govern the performance of its officers, employees or agents engaged in the awarding and administration of contracts using AID funds. No employee, officer or agent shall participate in the selection, award or administration of a contract in which AID funds are used, where, to his knowledge, he or his immediate family, partners, or organization in which he or his immediate family or partners has a financial interest or with whom he is negotiating or has any arrangement concerning prospective employment. The recipients' officers, employees or agents shall neither solicit nor accept gratuities, favors or anything of monetary value from contractors or potential contractors. Such standards shall provide for disciplinary actions to be applied for violations of such standards by the recipients' officers, employees or agents.

2. All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. The recipient should be alert to organizational conflicts of interest or noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. In order to ensure objective contractor performance and eliminate unfair competitive

advantage, contractors that develop or draft specifications, requirements, statements of work, invitations for bids and/or requests for proposals should be excluded from competing for such procurements. Awards shall be made to the bidder/offeror whose bid/offer is responsive/responsible to the solicitation and is most advantageous to the recipient, price and other factors considered. Solicitations shall clearly set forth all requirements that the bidder/offeror must fulfill in order to be evaluated by the recipient. Any and all bids/offers may be rejected when it is in the recipient's interest to do so.

3. All grantees shall establish procurement procedures that provide for, at a minimum, the following procedural requirements:

(i) Proposed procurement actions shall follow a procedure to assure the avoidance of purchasing unnecessary or duplicative items. Where appropriate, an analysis shall be made of lease and purchase alternatives to determine which would be the most economical practical procurement. Such an analysis shall not be required for motor vehicles.

(ii) Solicitations for goods and services shall be based upon a clear and accurate description of the technical requirements for the material, product or service to be procured. Such a description shall not, in competitive procurements, contain features which unduly restrict competition. "Brand-name or equal" descriptions may be used as a means to define the performance of other salient requirements of a procurement and when so used the specific features of the named brand which must be met by bidders/offerors shall be clearly specified.

(iii) Positive efforts shall be made by the recipients to utilize small business and minority-owned business sources of supplies and services. Such efforts should allow these sources the maximum feasible opportunity to compete for contracts utilizing AID funds. To permit AID, in accordance with the small business provisions of the Foreign Assistance Act of 1961, as amended, to give United States small business firms an opportunity to participate in supplying commodities and services procured under this grant, the grantee shall to the maximum extent possible provide the following information to the Office of Small Disadvantaged Business Utilization, AID/Washington, D.C. 20523, at least 45 days prior (except where a shorter time is requested of and granted by the Office of Small and Disadvantaged Business Utilization) 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.

(iv) The type of procuring instruments used, e.g. fixed price contracts, cost reimbursable contracts, purchase orders, incentive contracts, shall be determined by the recipient but must be appropriate for the particular procurement and for promoting the best interest of the program involved. The "cost-plus-a-percentage-of-cost" method of contracting shall not be used.

(v) Contracts shall be made only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of a proposed procurement. Consideration shall be given to such matters as contractor integrity, record of past performance, financial and technical resources or accessibility to other necessary resources.

(vi) All proposed sole source contracts or where only one bid or proposal is received in which the aggregate expenditure is expected to exceed \$5,000 shall be subject to prior approval by an appropriate official within the grantee's organization.

(vii) Some form of price or cost analysis should be made in connection with every procurement action. Price analysis may be accomplished in various ways, including the comparison of price quotations submitted, market prices and similar indicia, together with discounts. Cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability and allowability.

(viii) Procurement records and files for purchases in excess of \$10,000 shall include the following:

1. Basis for contractor selection;
2. Justification for lack of competition when competitive bids or offers are not obtained;

### 3. Basis for award cost or price.

A system for contract administration shall be maintained to ensure contractor conformance with terms, conditions and specifications of the contract, and to ensure adequate and timely followup of all purchases.

(b) Each contract shall contain the following contract provisions as well as any provision within this grant which requires such inclusion of that provision. Whenever a provision is required to be inserted in a contract under this grant, the grantee shall insert a statement in the contract that in all instances where the U.S. Government is mentioned the grantee's name shall be substituted.

1. Contracts in excess of \$10,000 shall contain contractual provisions or conditions that will allow for administrative, contractual or legal remedies in instances in which contractors violate or breach contract terms, and provide for such remedial actions as may be appropriate.

2. All contracts in excess of \$10,000 shall contain suitable provisions for termination by the recipient including the manner by which termination will be effected and the basis for settlement. In addition, such contracts shall describe conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated because of circumstances beyond the control of the contractor.

3. In all contracts for construction or facility improvement awarded for more than \$100,000, recipients shall observe generally accepted bonding requirements.

4. Contracts, the principal purpose of which is to create, develop or improve products, processes or methods; or for exploration into fields that directly concern public health, safety or welfare; or contracts in the fields of science or technology in which there has been little significant experience outside of work funded by Federal assistance, shall contain a notice to the effect that matters regarding rights to inventions and materials generated under the contract are subject to the regulations included in these grant provisions. The contractor shall be advised as to the source of additional information regarding these matters.

5. All negotiated contracts over \$10,000 awarded by recipients shall include a provision to the effect that the recipient, A.I.D., the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers and records of the contractor which are directly pertinent to the specific program for the purpose of making audits, examinations, excerpts and transcriptions.

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18. INELIGIBLE AND RESTRICTED GOODS AND SERVICES (NOVEMBER 1984)

(This provision is applicable when goods or services are procured under the grant.)

a. Ineligible and Restricted Goods and Services: If AID determines that the grantee has procured any of the restricted or ineligible goods and services specified below, or has procured goods and services from unauthorized sources, and has received reimbursement for such purpose without the prior written authorization of the grant officer, the grantee agrees to refund to AID the entire amount of the reimbursement.

1. Ineligible Goods and Services. Under no circumstances shall the grantee procure any of the following under this grant:

- (a) Military equipment,
- (b) Surveillance equipment,
- (c) Commodities and services for support of police or other law enforcement activities,
- (d) Abortion equipment and services,
- (e) Luxury goods and gambling equipment, or
- (f) Weather modification equipment.

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

3. Restricted Goods. The grantee shall not procure any of the following goods and services without the prior written authorization of the grant officer:

- (a) Agricultural commodities,
- (b) Motor vehicles,
- (c) Pharmaceuticals,
- (d) Pesticides,
- (e) Rubber compounding chemicals and plasticizers,
- (f) Used equipment,
- (g) U.S. Government-owned excess property, or
- (h) Fertilizer.

b. Source, Origin, and Nationality: The eligibility of the source, origin, and nationality of the goods and services is divided into the following categories of under and over \$250,000 for the total procurement element during the life of the grant. The total procurement element includes procurement of all goods (e.g. equipment; materials, supplies) and services. Guidance on the eligibility of specific goods or services may be obtained from the grant officer. AID policies on source, origin, and nationality are contained in Chapters 4 and 5 of AID Handbook 1, Supplement B, (Procurement Policies).

1. When the total procurement element during the life of this grant is valued at \$250,000 or less, the following rules apply:

(a) All goods and services, the costs of which are to be reimbursed under this grant and which will be financed with United States dollars, shall be purchased in and shipped from only "Special Free World" countries (i.e., AID Geographic Code 935) in accordance with the following order of preference:

- (1) The United States (AID Geographic code 000),
- (2) The Cooperating Country,
- (3) "Selected Free World" countries (AID Geographic Code 941),
- (4) "Special Free World" countries (AID Geographic Code 935)."

(b) Application of Order of Preference. When the grantee procures goods and services from other than U.S. sources, under the order of preference in paragraph b(1) above, the grantee shall document its files to justify each such instance. The documentation shall set forth the circumstances surrounding the procurement and shall be based on one or more of the following reasons, which will be set forth in the grantee's documentation:

(1) The procurement was of an emergency nature, which would not allow for the delay attendant to soliciting U.S. sources,

(2) The price differential for procurement from U.S. sources exceeded by 50% or more the delivered price from the non-U.S. source,

(3) Impelling local political considerations precluded consideration of U.S. sources,

(4) The goods or services were not available from U.S. sources, or

(5) Procurement of locally available goods and services, as opposed to procurement of U.S. goods and services, would best promote the objective of the Foreign Assistance program under the grant.

2. When the total procurement element exceeds \$250,000, the following rule applies: Except as may be specifically approved or directed in advance by the grant officer, all goods and services, which will be reimbursed under this grant and financed with United States dollars, shall be procured in and shipped from the United States (Code 000) and from any other countries within the authorized geographic code as specified in the Schedule of this grant.

c. Marine Insurance: The eligibility of marine insurance is determined by the country in which it is placed. Insurance is placed in a country if payment of the insurance policy is issued by an insurance company located in that country. Eligible countries for placement are governed by the authorized geographic code, except that if Code 941 is authorized, the Cooperating Country is also eligible. Section 604(d) of the Foreign Assistance Act requires that if a recipient country discriminates by statute, decree, rule, or practice with respect to AID-financed procurement against any marine

insurance company authorized to do business in the United States, then any AID-financed commodity shipped to that country shall be insured against marine risk and the insurance shall be placed in the United States with a company or companies authorized to do marine insurance business in the United States.

d. Ocean and Air Transportation shall be in accordance with the applicable provisions contained within this grant

e. Printed or Audio-Visual Teaching Materials. If the effective use of printed or audio-visual teaching materials depends upon their being in the local language and if such materials are intended for technical assistance projects or activities financed by AID in whole or in part and if other funds including U.S.-owned or U.S.-controlled local currencies are not readily available to finance the procurement of such materials, local language versions may be procured from the following sources, in order of preference:

1. Code 000, United States.
2. The Cooperating Country.
3. Code 941, Selected Free World.
4. Code 899, Free World.

f. Special Restrictions on the Procurement of Construction or Engineering Services: Section 604(g) of the Foreign Assistance Act provides that AID funds may not be used for "procurement of construction or engineering services from advanced developing countries, eligible under Geographic Code 941, which have attained a competitive capability in international markets for construction services or engineering services." In order to insure eligibility of a Code 941 contractor for construction or engineering services, the grantee shall obtain the grant officer's prior approval for any such contract.

19. LOCAL COST FINANCING WITH U.S. DOLLARS (NOVEMBER 1984)

(This Provision is applicable when local financing is authorized under the grant and must be used in conjunction with the provisions entitled "Procurement of Goods and Services" and "Ineligible and Restricted Goods and Services".)

(a) Local cost financing is the use of appropriated U.S. dollars to finance the procurement of goods and services paid for with local currency in the cooperating country for furtherance of grant purposes. Local cost financing must be specifically authorized in the Schedule of the grant. The amount of U.S. dollars which may be used must be specified in the authorization, together with any special restrictions on their use.

(b) Procurement of goods and services under local cost financing is subject to the restrictions listed in the grant provisions entitled "Procurement of Goods and Services" and "Ineligible and Restricted Goods and Services."

(c) Authorization of local cost financing makes the cooperating country, in addition to the United States and any other country included in the authorized geographic code for the project, an eligible source for the purchase of goods or services in the cooperating country. Goods or services purchased under local cost financing must be located in the cooperating country at the time they are purchased; they cannot be imported specifically for the project being implemented by this grant. The supplier from which goods or services are purchased under local cost financing must also be in the cooperating country. Suppliers of goods or services under local cost financing must meet the nationality eligibility tests prescribed in Chapter 5 of AID Handbook 1, Supplement B.

(d) Unless otherwise specifically authorized, the policies in Chapter 18 of AID Handbook 1, Supplement B are applicable to all local cost financing.

20. PUBLICATIONS (NOVEMBER 1984)

(This provision is applicable when publications are financed under the grant).

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

(b) The grantee shall provide the AID project officer with one copy of all published works developed under this grant and with lists of other written work produced under the grant.

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

(d) Except as otherwise provided in the terms and conditions of the grant, the author or the recipient is free to copyright any books, publications, or other copyrightable materials developed in the course of or under this grant, but AID reserves a royalty-free nonexclusive and irrevocable right to reproduce, publish, or otherwise use, and to authorize others to use the work for Government purposes.

21. REGULATIONS GOVERNING EMPLOYEES (NOVEMBER 1984)

(The following applies to the grantees employees who are not citizens of the cooperating country).

(a) The grantee's employees, shall maintain private status and may not rely on local U.S. Government offices or facilities for support while under this grant.

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

(c) Other than work to be performed under this grant for which an employee or consultant is assigned by the grantee, no employee or consultant of the grantee shall engage directly or indirectly, either in the individual's 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 the individual is assigned, nor shall the individual make loans or investments to or in any business, profession or occupation in the foreign countries to which the individual is assigned.

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

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

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

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

22. PARTICIPANT TRAINING (NOVEMBER 1984;

(This provision is applicable when any participant training is financed under the grant).

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(a) Definitions:

1. Participant training is the training of any non-U.S. individual outside of his or her home country using AID funds or under AID sponsorship.

2. A participant is any non-U.S. individual being trained under this grant outside of his or her home country.

(b) Application of Handbook 10:

Participant training under this grant is to be conducted according to the policies established in AID Handbook 10, Participant Training, except to the extent that specific exceptions to Handbook 10 have been provided in this grant with the concurrence of the Office of International Training. (Handbook 10 may be obtained by submitting a request to the grant officer.) The following provisions summarized from Handbook 10, however, may not be excluded from any grant.

(c) Participant Training Information System:

All grantees shall ensure that participants trained in the United States or in a third country are included in the Agency's Participant Training Information System.

For participants trained in the United States, data is submitted by means of the AID Form 1381-4, "Participant Data Form" simultaneously with enrollment in the Health and Accident Coverage Program (see Section (f) below). For participants trained in third countries, grantees shall submit to the grant officer only the top white sheet of the Participant Data Form (and blue copies if subsequent changes in the participant's training program are made). Copies of the Participant Data Form may be obtained from the grant officer. The grant officer will submit the completed forms to the Office of International Training (S&T/IT), Washington, D.C. 20523.

(d) Visa Requirements For Training Within The United States

1. Under the authority of Section 635(f) of the Foreign Assistance Act, AID-sponsored participants are admitted to the United States under the Department of State/USIA Exchange Visitor Program and are issued J-1 visas. The program identification number is G-2-0263.

2. J-1 visas are issued by the U.S. Embassy or Consulate for AID-sponsored participants upon submission by the participant of Form IAP-66A which may be obtained only from the AID Mission.

3. Holders of J-1 visas are subject to the Immigration and Nationality Act, as amended, and may not apply for an immigrant or a nonimmigrant visa until 2 years' residency is completed in their home country, after completion of training.

4. Participant passports and visas should normally be valid for six months beyond the duration of the proposed program to allow for program readjustments if necessary. This may not be regarded as an opportunity to encourage program extensions.

(e) Maintenance and Other Allowances:

Grantees must observe the maintenance and other allowances for AID-sponsored participants in the United States and third countries as set forth in Handbook 10. No exceptions or variations are permissible except with the advance concurrence of the Office of International Training.

(f) Health and Accident Coverage (HAC) Program For Training Within The United States

The grantee shall enroll all participants training in the United States in AID's HAC Program.

1. The HAC Program enables the participant, or the provider of medical services, to submit bills for medical costs resulting from illness and accident to the HAC Claims Office which pays all reasonable and necessary medical charges for covered services not otherwise covered by other insurance programs (see paragraph 5 below), in accordance with the standard coverage established by AID under the HAC Program.

2. The grantee shall, as early as possible and no later than the initiation of travel to the United States by each participant financed by AID under this grant, fill out AID Form 1381-4 entitled "Participant Data Form" and mail it to the grant officer, who shall transmit it to the addressees indicated on the back of the form. The grantee can obtain a supply of these forms and instructions for completing them from the grant officer.

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3. Enrollment fees shall be submitted, thirty days prior to the beginning of each new enrollment period. The current enrollment fee amount shall be obtained from the grant officer. Payments will be made via check made payable to A.I.D. and submitted to:

Agency for International Development  
Office of Financial Development  
Central Accounting Division-Cashier (FM/CAD)  
Washington, D.C. 20523

(a) The enrollment fee shall be accompanied by a letter which lists the names of the enrollees identical to that on the Participant Data Form) period of coverage, fee amount paid, grant number, and the U.S. Government appropriation number as shown on the grant cover letter.

(b) The enrollment fees shall be calculated on the basis of fixed rates per participant per each 30 day period. The enrollment fees may not be prorated for fractional periods of less than 30 days and should cover the current training period for which funds are obligated under the grant.

4. The grantee shall assure that enrollment begins immediately upon the participant's departure for the United States for the purpose of participating in a training program financed or sponsored by AID, and that enrollment continues in full force and effect until the participant returns to his or her country of origin or is released from AID's responsibility, whichever occurs first.

5. The grantee shall provide each participant with a copy of the HAC brochure, copies of which are available from the grant officer.

6. If the grantee has a mandatory, nonwaivable health and accident insurance program for participants, the costs of such insurance will be allowable under this grant. Any claims eligible under such insurance will not be payable under AID's HAC plan or under this grant. However, even though the participant is covered by the grantee's mandatory, nonwaivable health and accident insurance program, the participant must be enrolled in AID's HAC Program. In addition, a copy of the mandatory insurance policy must be forwarded to the grant officer, who will forward it to the HAC Claims Office.

7. Medical costs not covered by the grantee's health service program or mandatory, nonwaivable health and accident insurance program, or AID's HAC Program shall not be reimbursable under this grant unless specific written approval from the grant officer has been obtained.

(g) Participant Counseling For Training Within The United States.

Problems involving participants such as serious physical or emotional illness, accident or injury, arrest, death, the voluntary or involuntary early termination of a program, and the refusal of a participant to return to the home country upon completion of the program should be referred to the AID Participant Counselor at the Office of International Training.

The Counselor can be reached by calling the Office of International Training during workdays and the AID Duty Officer (202-632-1512) at other times. In referring cases, give the Counselor the name, country, and current location of the participant as well as a brief description of the problem with names and telephone numbers of hospitals, physicians, attorneys, etc. Following verbal referral, the participant's name, home address, and next of kin, and location of training should be sent to the grant officer, who will transmit the information to the S&T/IT Counselor.

(h) Orientation:

In addition to the above mandatory requirements for all participants, grantees are strongly encouraged to provide, in collaboration with the Mission training officer, predeparture orientation (see Chapter 13 of Handbook 10) and orientation in Washington at the Washington International Center (see Chapter 18D of Handbook 10). The latter orientation program also provides the opportunity to arrange for home hospitality in Washington and elsewhere in the United States through liaison with the National Council for International Visitors (NCIV). If the Washington orientation is determined not to be feasible, arrangements for home hospitality can be arranged in most U.S. cities if a request for such is directed to the grant officer, who will transmit the request to NCIV through S&T/IT.

23. TITLE TO AND USE OF PROPERTY (GRANTEE TITLE)  
(NOVEMBER 1984)

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

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

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

(b) The grantee agrees to use and maintain the property for the purposes of the grant in accordance with the requirements of paragraph 1T of Chapter 1 of Handbook 13

(c) With respect to nonexpendable property having an acquisition cost of \$1,000 or more, title to which vests in the grantee, the grantee agrees to report such items to the grant officer from time to time as they are acquired and to maintain a control system which will permit their ready identification and location.