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UNITED STATES AID MISSION TO ECUADOR

INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

AGENCY FOR INTERNATIONAL DEVELOPMENT

QUITO, ECUADOR

ACTION	
DIR	
D/DIR	
O/DP	✓
O/PM	
EXO	
O/CONT	✓
O/DR	✓
CDO	
PHD	
U/H	
ADO	
PSD	✓
TRG	
ING VILA	
DPM	
TIC	
RF	
MAR	
EMB	
WASH	
RLA	

Señor Doctor
José Antonio Lanusse
Presidente Ejecutivo
INSOTEC
Juan León Mera 920 y Wilson
Ciudad.-

Asunto: Convenio de Cooperación No. 518-0056-A-006110-00

Fecha: 31 de julio de 1986

Estimado Dr. Lanusse:

Conforme a la autoridad contenida en el Acta de Cooperación Externa de los Estados Unidos de 1961, y sus enmiendas, la Agencia para el Desarrollo Internacional (en adelante llamada "A.I.D.") por medio del presente provee al Instituto de Investigaciones Socioeconómicas y Tecnológicas (en adelante llamado "INSOTEC" o "Receptor") la suma de Un Millón Quinientos Sesenta Mil Dólares estadounidenses (US$1,560,000) para apoyar un proyecto para expandir y mejorar la provisión de asistencia técnica y servicios de representación al sector de la pequeña empresa en Ecuador, como se describe con mayor detalle en el Anexo 1 a este Convenio de Cooperación, denominado "Calendario", y en el Anexo 2, denominado "Descripción del Proyecto".

Este Convenio de Cooperación y la obligación de fondos tendrán efecto en la fecha de esta carta y se aplicarán a los compromisos realizados por el Receptor de conformidad con los objetivos del proyecto a partir del 31 de julio de 1986, hasta el 31 de diciembre de 1989.

Subject: Cooperative Agreement No. 518-0056-A-006110-00

Date: July 31, 1986

Dear Dr. Lanusse:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A.I.D.") hereby provides to the Institute for Socioeconomic and Technological Research (hereinafter referred to as "INSOTEC" or "Recipient") the sum of One Million Five Hundred Sixty Thousand United States Dollars (U.S.$1,560,000) to support a project to expand and improve the supply of technical assistance and representational services to the small scale enterprise sector in Ecuador, as more fully described in Attachment 1 to this Cooperative Agreement, entitled "Schedule", and Attachment 2, entitled "Project Description."

This Cooperative Agreement is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Recipient in furtherance of project objectives during the period beginning July 31, 1986 and ending December 31, 1989.

INTERNATIONAL MAIL ADDRESS
U.S. AID Mission to Ecuador
c/o American Embassy
Quito, Ecuador

U.S. MAIL ADDRESS
USAID - Quito
Agency for International Development
Washington, D.C. 20523

CABLE ADDRESS: USAID QUITO
Phone: 521100

Este Convenio de Cooperación se otorga al Receptor con la condición que los fondos serán administrados de acuerdo con los términos y condiciones establecidos en el Anexo 1, "Calendario", Anexo 2, "Descripción del Proyecto", y el Anexo 3, "Estipulaciones Uniformes", a los que su organización ha acordado.

Agradeceremos que confirme la recepción y aceptación a este Convenio de Cooperación, firmando este original y tres (3) copias de la presente, y sírvase devolver el original y dos (2) copias a nuestras oficinas.

Atentamente,

This Cooperative Agreement is made with INSOTEC 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 "Project Description", and Attachment 3, entitled "Standard Provisions", which have been agreed to by your organization.

Please acknowledge receipt and acceptance of this Cooperative Agreement by signing the original and three (3) copies of this letter, and returning the original and two (2) copies to the undersigned.

Sincerely,

Gerald R. Wein
Director Encargado
USAID/Ecuador

Anexos:

1. Calendario
2. Descripción del Proyecto
3. Estipulaciones Uniformes

Attachments:

1. Schedule
2. Project Description
3. Standard Provisions

ACEPTADO POR:
Instituto de Investigaciones Socioeconómicas y Tecnológicas

_____
Dr. José Antonio Lanusse
Presidente Ejecutivo
INSOTEC

Fecha:_____

Fiscal Data:

Appropriation No.: 72-1161021.6
Budget Plan Code: LDAA-86-25518-DG13
PIO/T No.: 518-0056-3-60074
Project No.: 518-0056
Funding Source: Mission
Total Estimated Amount: $1,900,000
Total Amount Obligated: $1,560,000

Anexo 1

CALENDARIO

A. Propósito del Convenio de Cooperación

El propósito de este Convenio es el de brindar apoyo para un proyecto para expandir y mejorar los servicios de asistencia técnica y de representación al sector de la pequeña empresa en Ecuador, como se describe más especificamente en el Anexo 2, "Descripción del Proyecto".

B. Período del Convenio

1. La fecha de vigencia de este Convenio es el 31 de julio de 1986. La fecha de terminación del Convenio es el 31 de diciembre de 1989.

2. Los fondos obligados por medio de este Convenio están disponibles para gastos del proyecto durante el período del 31 de julio, 1986 al 30 de abril, 1989, como se presenta en el Plan Financiero que se encuentra a continuación.

C. Monto y Pago de los Fondos No Reembolsables

1. El monto total estimado de este Convenio para el período indicado en la Sección B.1. anterior es de US$1,900,000.

2. A.I.D. por medio del presente obliga el monto de US$1,560,000 para gastos del proyecto durante el período establecido en la Sección B.2. anterior y como se indica en el siguiente Plan Financiero.

3. El pago se realizará al Receptor de acuerdo con los procedimientos establecidos en la Estipulación Uniforme, denominada "Pago - Adelanto Periódico", del Anexo 3.

Attachment 1

SCHEDULE

A. Purpose of Cooperative Agreement

The purpose of this Agreement is to support a project to expand the supply of technical assistance and representational services to the small scale enterprise sector in Ecuador, as more specifically described in Attachment 2 to this Agreement, entitled "Project Description".

B. Period of Agreement

1. The effective date of this Agreement is July 31, 1986. The expiration date of this Cooperative Agreement is December 31, 1989.

2. Funds obligated hereunder are available for project expenditures for the estimated period of July 31, 1986 to April 30, 1989 as shown in the Financial Plan below.

C. Amount of Grant and Payment

1. The total estimated amount of this Agreement for the period shown in B.1 above is US$1,900,000.

2. A.I.D. hereby obligates the amount of US$1,560,000 for project 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 Recipient in accordance with procedures set forth in Optional Standard Provision 1, entitled "Payment - Periodic Advance", of Attachment 3.

4. A.I.D. podrá obligar fondos adicionales hasta el monto total indicado en la Sección C.1. anterior, sujeto a la disponibilidad de fondos, y a los requerimientos de la Estipulación Uniforme denominada "Revisión del Presupuesto del Convenio."

5. Todos los desembolsos realizados por la A.I.D. se realizarán de acuerdo con los entendimientos establecidos en el Párrafo F, "Entendimientos de Intervención Sustancial", de este Anexo 1.

6. Todos los costos adicionales en los que se incurra, aparte de aquellos presupuestados y especificados en el "Presupuesto", a continuación, serán cubiertos por el Receptor.

D. Plan Financiero

1. El siguiente es el Presupuesto para este Convenio. Las revisiones al Presupuesto se realizarán de acuerdo con la Estipulación Uniforme de este Convenio denominada "Revisión del Presupuesto del Convenio".

4. Additional funds up to the total amount shown in C.1 above may be obligated by A.I.D., subject to the availability of funds and to the requirements of the Standard Provision entitled "Revision of Agreement Budget".

5. All disbursements by A.I.D. are conditonal upon understandings set forth in Paragraph F, "Substantial Involvement Understandings", of this Attachment 1.

6. All costs incurred under this Agreement in excess of those budgeted for and set forth in the "Budget", below, shall be paid by the Recipient.

D. Financial Plan

1. The following is the Budget for this Agreement. Revisions to the Budget shall be made in accordance with the Standard Provision of the Agreement entitled "Revision of Agreement Budget".

PRESUPUESTO
(BUDGET)

RUBRO (Cost Element)	VIDA DEL PROYECTO (Life of Project)	PERIODO INICIAL (Initial Period)	PERIODO FINAL (Final Period)
	(07/31/86 - 12/31/89)	(07/31/86 - 04/30/89)	(05/01/89 - 12/31/89)
Servicios de Asistencia Técnica (Technical Assistance Services)	840,000	765,000	75,000
Servicios de Representación (Representational Services)	500,000	400,000	70,000
Coordinación del Proyecto (Project Coordination)	25,000	20,000	5,000
Evaluación (fondos no disponibles al Receptor; a ser contratada por la A.I.D.) (Evaluation (funds not available to Recipient; to be contracted by A.I.D.))	400,000	300,000	100,000
Varios (Miscellaneous)	135,000	75,000	90,000
Total	$1,900,000	$1,560,000	$340,000

2. Dentro del monto total obligado en este Convenio, el Receptor podrá ajustar los rubros individuales hasta un 15% dentro de lo necesario en forma razonable para la realización de los objetivos del proyecto que se describen en el presente Convenio.

3. El Receptor abrirá una cuenta especial solamente para los propósitos de este Convenio previo a la recepción de cualesquier fondos bajo el mismo.

4. El Receptor proveerá a A.I.D. con una copia de cada auditoría financiera que se realice del Receptor. El reporte de auditoría deberá incluir una sección detallando los fondos del proyecto recibidos de A.I.D. y gastos relacionados por componente del Proyecto.

5. El Receptor está autorizado para utilizar dólares de los Estados Unidos para financiamiento de Costos Locales siempre y cuando los compromisos hayan sido aprobados por la A.I.D. de acuerdo con los Entendimientos de Intervención Sustancial de este Convenio y de acuerdo con la Estipulación Uniforme Opcional denominada "Financiamiento de Costos Locales con Dólares de los Estados Unidos".

E. Reportes y Evaluación

1. El Receptor deberá reunir información en forma continua, la misma que será relativa a la ejecución (por ejemplo, número de participantes en actividades de asistencia técnica y su respuesta a estas actividades, incrementos en el número de miembros de organizaciones de representación,

2. Within the total obligated amount of this Agreement, the Recipient may adjust individual line items by up to 15% as is reasonably necessary for the performance of project objectives set forth herein.

3. The Recipient shall open a special account for the sole purpose of this Agreement prior to receiving any funds under this Agreement.

4. The Recipient shall provide A.I.D. with a copy of each financial audit conducted of the Recipient. The audit report shall include a section detailing A.I.D. project receipts and related expenditures by project component.

5. The Recipient is authorized to use U.S. dollars for Local Cost Financing so long as commitments have been approved by A.I.D. in accordance with the Substantial Involvement Understandings of this Agreement and in accordance with the Optional Standard Provision entitled "Local Cost Financing with U.S. Dollars".

E. Reporting and Evaluation

1. The Recipient shall collect data on a continuous basis, which data shall relate to performance (e.g., number of participants in technical assistance activities and their feedback on those activities, increases in membership of representational organizations, degree

grado de auto-financiamiento obtenido) y al impacto del Proyecto (principalmente ingresos y generación de empleo). El Receptor deberá proveer trimestralmente a A.I.D. con reportes evaluando esta información, y también incluirá en estos reportes una descripción de las actividades realizadas durante el período del reporte, un análisis de los obstáculos encontrados en la ejecución, y modificaciones al proyecto recomendadas para eliminar estos obstáculos.

2. Los requerimientos de reportes financieros estarán de acuerdo con la Estipulación Uniforme denominada "Pago - Adelanto Periódico".

F. Entendimientos de Intervención Sustancial

Queda entendido y acordado que la A.I.D. estará involucrada en lo siguiente:

1. A.I.D. aprobará la selección del personal principal del proyecto y el plan para la ubicación de personal en las ciudades secundarias para todas las actividades bajo este Convenio de Cooperación.

2. A.I.D. revisará y aprobará planes de trabajo semestrales previo al desembolso de los fondos para tales planes.

3. A.I.D. revisará y aprobará la subdonación con el Centro de Investigación, Planificación y Tecnología Educativas (CIPTE), previo al desembolso de fondos para la misma.

4. A.I.D. contratará directamente para los servicios de evaluación con fondos provistos bajo este Convenio, como se describe más específicamente en el Anexo 2 a este Convenio y como se establece en el Plan Financiero.

of self-financing attained) and to Project impact (principally income and employment generation). The Recipient shall provide a report evaluating these data to A.I.D. quarterly, and shall also include in such reports a description of activities undertaken during the reporting period, an assessment of obstacles encountered in implementation, and recommended project modifications to eliminate these obstacles.

2. Financial reporting requirements shall be in accordance with the Standard Provision entitled "Payment - Periodic Advance".

F. Substantial Involvement Understandings

It is understood and agreed that A.I.D. will be involved in the following:

1. A.I.D. shall approve the selection of key project personnel and the plan for placement of personnel in the secondary cities for all activities under this Cooperative Agreement.

2. A.I.D. shall review and approve semi-annual workplans prior to disbursement of funds for implementation of such plans.

3. A.I.D. shall review and approve the subgrant with the Center for Educational Planning, Research, and Technology (CIPTE), prior to disbursement of funds for this subgrant.

4. A.I.D. shall contract directly for evaluation services with funds provided under this Agreement, as described more specifically in Attachment 2 to this Agreement and as set forth in the Financial Plan.

5. A.I.D. aprobará cualesquier cambios en la lista de ciudades secundarias donde se implementarán actividades bajo este Convenio de Cooperación.

6. A.I.D. aprobará la selección de organizaciones representativas que serán fortalecidas bajo este Convenio de Cooperación, previo a la iniciación de asistencia a las mismas.

G. Título de Propiedad

El título de propiedad de todo bien adquirido con fondos provistos directamente al Receptor bajo este Convenio recaerá en el Receptor sujeto a los términos y condiciones de la Estipulación Uniforme Opcional denominada "Título y Uso de la Propiedad (Título del Receptor)".

H. Código Geográfico Autorizado

La fuente y origen autorizados para la adquisición de bienes y servicios bajo este Convenio son los Estados Unidos (Código 000) y Ecuador, excepto que A.I.D. acordara de otra manera por escrito.

I. Alteraciones a las Estipulaciones Uniformes

1. Las Estipulaciones Uniformes a este Convenio serán el Anexo 3 a este Convenio, las mismas que se incorporan y forman parte del presente, aboliendo las siguientes Estipulaciones Uniformes Opcionales:

a. 2 -- "Pago - Reembolso de Costos"

b. 10 -- "Derechos de Patente"

c. 13 -- "Planificación Poblacional Voluntaria"

5. A.I.D. shall approve any changes in the list of secondary cities where activities are to be implemented under this Cooperative Agreement.

6. A.I.D. shall approve the selection of the representational organizations to be strengthened under this Cooperative Agreement, prior to the initiation of assistance to those organizations.

G. Title to Property

Title to all property acquired with funds provided directly to the Recipient under this Agreement shall vest in the Recipient, subject to the terms and conditions of the Optional Standard Provision entitled "Title To and Use of Property (Recipient Title)".

H. Authorized Geographic Code

The authorized source and origin for procurement of goods and services under this Agreement is the United States (Code 000) and Ecuador, except as A.I.D. may otherwise agree in writing.

I. Alterations to Standard Provisions

1. The Standard Provisions for this Agreement shall be Attachment 3 to this Agreement which are incorporated herein and made a part hereof, deleting the following Optional Standard Provisions:

a. 2 -- "Payment - Cost Reimbursement"

b. 10 -- "Patent Rights"

c. 13 -- "Voluntary Population Planning"

d.	15	--	"Gastos Indirectos Negociados - Provisionales"	d.	15	--	"Negotiated Overhead Rates - Provisional"
e.	16	--	"Suministro de Bienes Excedentes de Propiedad del Gobierno de los Estados Unidos"	e.	16	--	"Government Furnished Excess Personal Property"
f.	18	--	"Título y Uso de la Propiedad (Gobierno de los Estados Unidos)"	f.	18	--	"Title To and Use of Property (U.S. Government)"
g.	19	--	"Título y Uso de la Propiedad (Gobierno del País Receptor)	g.	19	--	"Title To and Use of Property (Cooperating Country)"

Anexo 2

DESCRIPCION DEL PROYECTO

A. Objetivos

Este Convenio de Cooperación forma parte del Proyecto de Desarrollo de la Pequeña Empresa (518-0056) financiado por la A.I.D. El propósito del Proyecto es el de expandir y mejorar la provisión de crédito, asistencia técnica, y servicios de representación al sector de la pequeña empresa en el Ecuador.

INSOTEC implementará los componentes de asistencia técnica y servicios de representación para el Proyecto, bajo este Convenio de Cooperación. Para la culminación de este Convenio de Cooperación, se espera que:

a) Aproximadamente 200 asesores privados hayan sido capacitados y hayan incrementado sus conocimientos para brindar asistencia técnica a la pequeña empresa.

b) Por lo menos 500 pequeñas empresas hayan recibido asistencia técnica.

c) Por lo menos 10 organizaciónes privadas de representación en el sector de la pequeña empresa hayan sido fortalecidas en su capacidad para proveer servicios a sus miembros y para representar los intereses de sus miembros en asuntos de política.

d) Se hayan completado aproximadamente 10 estudios detallados sobre políticas relacionadas con el sector de la pequeña empresa.

El Convenio de Cooperación financiará así mismo las actividades de coordinación y evaluación para el Proyecto de Desarrollo de la Pequeña Empresa en conjunto.

Attachment 2

PROJECT DESCRIPTION

A. Objectives

This Cooperative Agreement forms part of the Small Enterprise Development Project (518-0056) financed by A.I.D. The purpose of the Project is to expand and improve the supply of credit, technical assistance, and representational services to the small scale enterprise sector in Ecuador.

Under this Cooperative Agreement, INSOTEC will implement the technical assistance and representational services components of the Project. By the completion of the Cooperative Agreement, it is expected that.

a) Approximately 200 private technical assistance consultants will have been trained and have increased their skills in providing technical assistance to small enterprises.

b) At least 500 small enterprises will have received technical assistance.

c) At least 10 private representational organizations in the small enterprise sector will have been strengthened in their capacity to provide services to their members and to represent their members' interests in public policy matters.

d) Approximately 10 in-depth policy studies related to the small enterprise sector will have been completed.

The Cooperative Agreement will also finance coordination and evaluation activities for the overall Small Enterprise Development Project.

B. Actividades

1. Servicios de Asistencia Técnica

Bajo esta actividad, INSOTEC entrenará y desarrollará las habilidades de los asesores privados de asistencia técnica en ciudades secundarias seleccionadas. La capacitación de estos consultores se realizará, en gran parte, a través de su participación en la entrega directa de asistencia técnica a pequeñas empresas en aquellas ciudades, la cual también se llevará a cabo dentro de esta actividad.

Los servicios de asistencia técnica se proporcionarán a empresas del sector de la pequeña empresa, como se defina en la Legislación Ecuatoriana. INSOTEC dirigirá su asistencia a ciertos tipos de empresas productivas con el fin de maximizar los resultados en términos del incremento de la productividad y de empleo en las empresas. En general, se dará asistencia a aquellos tipos de empresas que tienen mayor densidad de mano de obra en relación a inversión y major utilización de materiales locales, que tengan lazos significativos hacia otras industrias domésticas, y para las cuales exista información acerca de las necesidades tecnológicas y la demanda potencial de asistencia técnica para las empresas. Las categorías principales de empresas que reunen estas características incluyen procesadoras de alimentos, tejidos y confecciones, productos de madera, y productos metálicos. INSOTEC enfocará sus esfuerzos principalmente en expandir la provisión de asistencia técnica a estas empresas en las áreas de administración, producción y mercadeo.

B. Activities

1. Technical Assistance Services

Under this activity, INSOTEC will train and develop the skills of private technical assistance consultants in selected secondary cities. The training of these consultants will take place, in large part, through their participation in the direct delivery of technical assistance to small enterprises in those cities, which will also be carried out under this activity.

The technical assistance services will be provided to enterprises in the small enterprise sector, as defined by Ecuadorean Law. INSOTEC will target its assistance to certain types of productive enterprises in order to maximize productivity and employment impacts. In general, assistance will be given to those types of enterprises which are intensive in their use of labor and local materials, which have significant forward linkages to other domestic industries, and for which there exists information on the technological needs and potential demand for technical assistance by the enterprises. The major categories of enterprises fitting these characteristics include food processing, clothing, wood products, and metalworkers. INSOTEC will focus on expanding technical assistance to these firms in the areas of management, production, and marketing.

Esta actividad se ejecutará en cinco ciudades secundarias: Santo Domingo de los Colorados, Babahoyo, Protoviejo, Esmeraldas, e Ibarra y sus zonas de influencia. Cualesquier cambio o adiciones a esta lista de ciudades requerirá la aprobación previa de la A.I.D.

a. Desarrollo de Asesores de Asistencia Técnica

INSOTEC ha identificado un número de fuentes de individuos que se encuentras brindando, o que podrían brindar asistencia técnica a pequeñas empresas. Estos incluyen instructores de colegios técnicos, profesores de universidades, consultores profesionales, y los mismos pequeños empresarios. INSOTEC proporcionará capacitación formal y experiencia práctica a aquellos que están interesados y calificados, para formar un grupo de asesores de asistencia técnica eficientes y que puedan comercializar sus servicios.

El personal de INSOTEC en cada ciudad secundaria identificará individuos, tomando en cuenta la naturaleza de la demanda para asistencia técnica en aquellas ciudades (número de firmas, tipos predominantes de empresas, etc.). INSOTEC conducirá una serie de cursos de capacitación diseñados específicamente para los individuos seleccionados. Estos cursos cubrirán las areas de contenido técnico y metodología para la entrega de asistencia técnica a pequeñas empresas. Aproximadamente 200 personas recibirán capacitación formal. Según sea necesario, estas personas participarán también como estudiantes en las actividades de asistencia técnica directa descritas a continuación, para reforzar sus conocimientos en areas técnicas y administrativas específicas.

This activity will be implemented in five secondary cities: Santo Domingo de los Colorados, Babahoyo, Portoviejo, Esmeraldas, and Ibarra, and their zones of influence. Any changes or additions to this list of cities will require prior A.I.D. approval.

a. Development of Technical Assistance Consultants

INSOTEC has identified a number of sources of individuals who are providing or could provide technical assistance to small enterprises. These include instructors at technical schools, university professors, professional consultants, and small entrepreneurs themselves. INSOTEC will provide those who are interested and qualified with formal training and practical experience to form a pool of effective technical assistance consultants who can market their services.

The INSOTEC personnel in each secondary city will identify individuals, taking into account the nature of the demand for technical assistance in those cities (number of firms, predominant types of enterprises, etc.). INSOTEC will conduct a series of training courses specifically designed for the selected individuals. These courses will cover both technical content areas and technical assistance delivery methodologies to small enterprises. An estimated 200 persons will receive formal training. As necessary, these persons will also participate as students in the direct technical assistance activities described below, to reinforce their knowledge of specific technical and administrative areas.

De aquellos que estén recibiendo capacitación, INSOTEC seleccionará los más calificados para servir como instructores para las actividades de asistencia técnica directa durante la mitad y parte final del Proyecto. Esta capacitación les permitirá practicar y desarrollar sus habilidades para entrega de asistencia técnica, bajo la guía del personal de INSOTEC. Aproximadamente tres cuartos de las actividades de asistencia técnica directa descritas a continuación, serán conducidas por asesores contratados, a pesar de que estos pueden incluir algunos individuos que no han pasado por el programa de capacitación detallado anteriormente.

Los asesores de asistencia técnica capacitados por INSOTEC pagarán el costo total de su entrenamiento.

b. Entrega Directa de Asistencia Técnica en Ciudades Secundarias

La metodología de INSOTEC para asistencia técnica directa consistirá de tres etapas principales: organización; capacitación para grupos de empresas; y asistencia específica a una o un pequeño grupo de empresas. La metodología es secuencial: cada etapa servirá para mejor definir las necesidades de las empresas y proveerlas con la capacidad para avanzar hacia formas más específicas de asistencia, si así lo desean. Por lo tanto, se espera que los propietarios/gerentes individuales participarán en dos o más actividades dentro del programa de asistencia técnica directa global ofrecido por INSOTEC.

En la etapa de organización, el personal de INSOTEC, con el apoyo de la organización local auspiciante de cada ciudad, llevará a cabo

From among those receiving training, INSOTEC will select the best qualified to serve as instructors for the direct technical assistance activities during the middle and latter parts of the Project. This instruction will allow them to practice and develop their technical assistance delivery skills, under the guidance of INSOTEC staff. An estimated threequarters of the direct technical assistance activities described below will be conducted by contracted consultants, though these may include some individuals who have not passed through the training program described above.

The technical assistance consultants trained by INSOTEC will pay the full costs of their training.

b. Direct Technical Assistance Delivery in Secondary Cities

INSOTEC's technical assistance methodology will consist of three main stages: organization; training for groups of enterprises; and specific assistance to one or a small number of enterprises. The methodology is sequential: each stage will serve to better define the needs of the enterprises and provide them with the capacity to move on to more specific forms of assistance, if they desire. Thus, it is expected that individual owners/operators will participate in two or more activities within the overall technical assistance program offered by INSOTEC.

At the organizational stage, INSOTEC, with support from the local sponsoring organizations in each city, will carry out promotion activities and visit

actividades de promoción y visitará empresas para obtener un entendimiento general de sus problemas y necesidades de asistencia técnica. En base a estas actividades, INSOTEC organizará grupos de propietarios/gerentes interesados.

Luego, se invitará a estas empresas a participar en uno o más seminarios/taller y cursos prácticos. Los seminario/taller tratarán temas de interés general para el grupo, por ejemplo, en las areas de administración, contabilidad, y mercadeo. Los individuos que demuestren interés y capacidad durante los seminarios/taller se reagruparán de acuerdo a sus ramas de actividad o intereses especiales y participarán en cursos prácticos. Estos curos serán más extensos y enfocarán problemas que son específicos a un determinado grupo de empresas (por ejemplo, procesos de producción) o proveen un tratamiento más a fondo de los asuntos cubiertos en el seminario/taller. De estas sesiones de grupo se obtendrán conocimientos y recomendaciones que los participantes podrán aplicar a sus propias empresas.

Finalmente, los propietarios/gerentes que deseen una asistencia más directa tendrán la oportunidad de inscribirse en las clínicas o solicitar asistencia técnica individual. Las clínicas abarcarán un pequeño número (hasta cuatro o cinco) firmas con un interés común. Un asesor general acompañará a los participantes a sus firmas y los asistirá en evaluar la situación general de sus empresas, identificar las areas problemáticas, y recomendar soluciones, incluyendo sus necesidades para asistencia técnica adicional. La asistencia técnica individual enfocará las necesidades de firmas individuales. Uno o más expertos en las áreas de producción, administración, y mercadeo conducirán

enterprises to obtain a general understanding of their problems and technical assistance needs. On the basis of these activities, INSOTEC will organize groups of interested owners/operators.

These enterprises will then be invited to participate in one or more workshop/seminars and practical courses. The workshop/seminars will treat themes of generic interest to the group, for example, in the areas of management, accounting, and marketing. Individuals who show interest and potential during the workshop/seminars will be re-grouped according to their lines of activity or special concerns and participate in practical courses. These courses will be more extensive and will focus on problems which are specific to a given type of enterprise (e.g., in production processes) or provide more in-depth treatment of the general subjects covered in the workshop/seminars. Out of these group sessions will come knowledge and recommendations that the participants can apply to their own enterprises.

Finally, owners/operators who would like more direct assistance will be able to enroll in clinics or request individual technical assistance. The clinics will involve a small number (up to four or five) firms with a shared interest. A generalist advisor will accompany the participants to their firms and assist them to assess the overall situation of their enterprises, identify specific problem areas, and develop recommended actions, including needs for further types of technical assistance. The individual technical assistance will address the needs of individual firms. One or more experts in the areas of production, administration, and marketing will conduct a thorough

un análisis completo y detallado de la empresa y ofrecerán asistencia en el lugar mismo para resolver problemas así como recomendaciones para asistencia técnica adicional.

Bajo el Convenio de Cooperación, INSOTEC conducirá un mínimo de 180 actividades de asistencia técnica (sin incluír las actividades de promoción iniciales), beneficiando a unas 500 empresas. En base a estas actividades, INSOTEC preparará manuales técnicos para ser utilizados para actividades similares en otros lugares y como referencia para los asesores entrenados por INSOTEC. Se espera que se produzcan cinco manuales bajo el Convenio de Cooperación.

INSOTEC cobrará aportes a los beneficiarios por todas las actividades de asistencia técnica directa. INSOTEC establecerá una tabla de aportes de acuerdo con los costos reales y la capacidad de pago de los beneficiarios. Se espera que para asistencia técnica a nivel de grupos, dirigida a las más pequeñas empresas, los aportes cubrirán un mínimo del 40 por ciento de los costos. Para asistencia más individual y empresas más grandes, los aportes deberán cubrir 70 por ciento o más de los costos. Los ingresos producidos por estos aportes se ubicarán en un fondo separado administrado por las organizaciones provinciales auspiciantes o INSOTEC para financiar actividades adicionales de asistencia técnica directa durante la vida del Convenio de Cooperación. INSOTEC presentará cuentas explícitas de la recaudación y utilización de estos ingresos e incluirá en sus planes de trabajo semestrales una descripción de las actividades adicionales de asistencia técnica a ser financiadas con estos ingresos.

and detailed analysis of the firm and offer on-site assistance to resolve problems as well as recommendations for further technical assistance.

Under the Cooperative Agreement, INSOTEC will conduct a minimum of 180 technical assistance activities (not including the initial promotional efforts), benefitting some 500 enterprises. On the basis of these activities, INSOTEC will prepare technical manuals to be used for similar activities elsewhere and as a reference for the technical assistance consultants trained by INSOTEC. It is expected that five manuals will be produced under the Cooperative Agreement.

INSOTEC will charge fees from the beneficiaries of all direct technical assistance activities. INSOTEC will establish a schedule of fees in accordance with actual costs and the capacity of the beneficiaries to pay. It is expected that for group level technical assistance directed at smaller firms, the fees will cover at a minimum 40 percent of costs. For more individualized assistance and larger firms, the fees should cover 70 percent or more of costs. Income from these fees will be placed into a separate fund managed by the sponsoring provincial organizations or INSOTEC to finance additional technical assistance activities during the life of the Cooperative Agreement. INSOTEC will explicitly account for the collection and use of this income and will include in its semiannual workplans a description of the additional technical assistance activities to be financed with the income.

2. Servicios de Representación

a. Fortalecimiento de Organizaciones de Representación

Los fondos provistos bajo este Convenio de Cooperación financiarán asistencia para fortalecer la capacidad de las organizaciones de representación seleccionadas para identificar las necesidades de sus miembros, proveer servicios para satisfacer esas necesidades, y participar en un diálogo sobre políticas con el sector público. Las actividades para el fortalecimiento de estas organizaciones serán implementadas por el Centro de Investigación, Planificación, y Tecnología Educativas (CIPTE), a través de una sub-donación con INSOTEC.

Los esfuerzos para el fortalecimiento de organizaciones de representación serán dirigidos a dos niveles de organizaciones de representación. De acuerdo con la estrategia del Proyecto para el Desarrollo de la Pequeña Empresa, la mayoría de la asistencia será dirigida a organizaciones provinciales y locales en las ciudades secundarias donde se están implementando los otros componentes del Proyecto. Estas organizaciones incluyen las cámaras de pequeños industrias y asociaciones de artesanos y comerciantes. Se espera que ocho de estas organizaciones se fortalecerán. También se considera importante desarrollar las federaciones nacionales, debido a su papel primordial en el proceso de diálogo sobre políticas y su función potencial de proveer asistencia continua para el desarrollo las organizaciones miembros. Por lo tanto, CIPTE brindará asistencia a la Federación Nacional de la Pequeña Industria (FENAPI) y a por lo menos una federación más (artesanos o comerciantes).

2. Representational Services

a. Strengthening Representational Organizations

Funds provided under this Cooperative Agreement will finance assistance to strengthen the capacity of selected representational organizations to identify members' needs, provide services to meet those needs, and to participate in policy dialogue with the public sector. The organizational strengthening efforts will be implemented by the Center for Educational Planning, Research, and Technology (CIPTE), through a subgrant from INSOTEC.

The organizational strengthening efforts will be directed at two levels of representational organizations. Consistent with the strategy of the Small Enterprise Development Project, most of the assistance will be directed to provincial and local organizations in the secondary cities where the other Project components are implemented. These organizations include the chambers of small industry and artisan and small merchant associations. It is expected that eight such organizations will be strengthened. It is also considered important to develop the national federations, given their key role in the policy dialogue process and their potential to provide ongoing organizational development assistance to member organizations. Therefore, CIPTE will provide assistance to the Federation of Small Industries (FENAPI) and at least one other federation (artisans or small merchants).

CIPTE identificará las organizaciones candidatas durante la etapa inicial de la sub-donación. La sub-donación contendrá criterios específicos para la selección. Estos criterios deberán incluír, pero no limitarse a lo siguiente: un local permanente; identidad legal; un cuerpo directivo electo; un número adecuado de miembros reales o potenciales; la capacidad y voluntad para dedicar fondos de contrapartida para las actividades de desarrollo organizacional; y aceptación al concepto de servicios auto-financiados. Como una base para la identificación de organizaciones, CIPTE consultará con INSOTEC, el mismo que tiene amplios contactos. La selección de organizaciones de representación estará sujeta a la aprobación de la A.I.D. previo a la iniciación de la asistencia a tales organizaciones.

La sub-donación al CIPTE incluirá una metodología detallada para identificar las necesidades de las organizaciones seleccionadas y para proveer la asistencia para fortalecerlas, particularmente en su capacidad para proveer servicios útiles a los miembros y participar en asuntos de política. La sub-donación incluirá así mismo, procedimientos por los cuales CIPTE canalizará pequeños montos de fondos a organizaciones seleccionadas para apoyar las actividades de fortalecimiento. A.I.D. revisará y aprobará el convenio de sub-donación al CIPTE previo al desembolso de fondos para esta sub-donación.

b. Estudio de Políticas

Los fondos provistos bajo este Convenio de Cooperación apoyarán el mejoramiento de la información relativa a políticas que afectan a la

CIPTE will identify candidate organizations during the initial stage of its subgrant. The subgrant will contain specific selection criteria. These criteria are expected to include, but not be limited to, the following: a permanent locale; a legal identity; an elected governing body; an adequate number of actual or potential members; an ability and willingness to dedicate counterpart resources to the organizational development activities; and an acceptance of the concept of self-financing services. As a basis for identifying organizations, CIPTE will consult with INSOTEC, which has broad contacts. The selection of the representational organizations will be subject to A.I.D. approval prior to the initiation of assistance to those organizations,

The subgrant to CIPTE will include a detailed methodology for identifying the needs of the selected organizations and providing assistance to strengthen them, particularly in their capacity to provide useful services to members and to participate in policy matters. The subgrant will also include procedures by which CIPTE will channel small amounts of funds to the selected organizations to support the strengthening activities. A.I.D. will review and approve the subgrant with CIPTE prior to disbursement of funds for this subgrant.

b. Policy Studies

Funds provided under this Cooperative Agreement will support improvement of policy related information on the small enterprise sector by financing

pequeña empresa, por medio del financiamiento de aproximadamente 10 estudios. Algunos de los estudios podrán servir principalmente para reunir información acerca del sector. Otros serán analíticos, enfocando en los efectos de políticas de comercio exterior, monetarias, y otras en la pequeña empresa. Los temas específicos para los estudios serán seleccionados por INSOTEC en colaboración con el Consejo Asesor (ver a continuación) y tomando en cuenta las inquietudes expresadas por las organizaciones de representación a través de sus actividades con CIPTE. INSOTEC será responsable de conducir los estudios, ya sea con su propio personal o por medio de subcontratos.

3. Coordinación del Proyecto

Se establecerá un Consejo Asesor para la Pequeña Empresa para todo el Proyecto financiado por A.I.D. INSOTEC servirá como secretaría al Consejo Asesor con la responsabilidad de convocar a reuniones, preparar agendas, proveer apoyo logístico, y mantener actas de las reuniones. El Consejo Asesor estará formado por representantes de las agencias ejecutoras del Proyecto, principales organizaciones de representación del sector, entidades importantes del sector público, A.I.D., y otras cuya participación se considere importante. INSOTEC, en consulta con A.I.D., identificará los miembros apropiados para constituir en inicio el Consejo Asesor. El Consejo Asesor tendrá varias funciones. Primero, proporcionará a las agencias ejecutoras y A.I.D. con evaluaciones contínuas y expertas del progreso general del Proyecto, y dará consejos para la toma de las principales decisiones sobre la administración del Proyecto. Segundo, proporcionará a las agencias ejecutoras con la

approximately 10 studies. Some of the studies may primarily serve to compile information on the sector. Others will be analytical, focusing on the effects of trade, monetary, and other policies on small enterprise. The specific topics for the studies will be selected by INSOTEC in collaboration with the Advisory Council (see below) and taking into consideration concerns expressed by the representational organizations through their activities with CIPTE. INSOTEC will be responsible for conducting the studies, either using its own staff or through subcontracts.

3. Project Coordination

A Small Enterprise Advisory Board will be established for the overall A.I.D. financed Project. INSOTEC will serve as secretariat to the Advisory Board with responsibility for calling meetings, preparing agendas, providing logistical support, and maintaining records of the meetings. The Advisory Board will consist of representatives of the Project implementing agencies, major sectoral representational organizations, key public sector agencies, A.I.D., and others whose participation may be deemed important. INSOTEC, in consultation with A.I.D., will identify appropriate members to initially constitute the Advisory Board. The Advisory Board will have several functions. First, it will provide the implementing agencies and A.I.D. with continuing, expert assessment of overall Project progress, and serve as a sounding board for major Project management decisions. Second, it will provide the implementing agencies with the opportunity to meet on a regular basis to discuss coordination of their

oportunidad de reunirse en una base regular para discutir la coordinación de sus actividades. Tercero, el Consejo Asesor asistirá en seleccionar los temas de los estudios de políticas descritos anteriormente y revisar los resultados de la investigación que se esté realizando. Finalmente, el Consejo Asesor servirá como un foro contínuo para el dialogo entre los sectores público y privado sobre políticas y otros temas que afectan al sector de la pequeña empresa.

Además, INSOTEC buscará el desarrollar arreglos efectivos con otras instituciones ejecutoras del Proyecto (incluyendo CIPTE) para coordinar las actividades de asistencia técnica, servicios de representación, y de crédito en las ciudades secundarias.

4. Evaluación

Se espera que cada una de las instituciones ejecutoras del Proyecto, incluyendo INSOTEC y CIPTE, desarrollen y mantengan sus propios sistemas de evaluación. Estos sistemas evaluarán la ejecución de las instituciones ejecutoras mismas, así como el impacto de sus actividades en los beneficiarios del Proyecto, particularmente en lo que se refiere a la generación de empleo e ingresos.

Los fondos provistos bajo este Convenio de Cooperación financiarán consultores para que provean dirección experta a las instituciones ejecutoras del Proyecto para asegurar que sus sistemas individuales de evaluación son metodologicamente correctas y que la información reunida por las diferentes instituciones es consistente y comparable. Los consultores proporcionarán supervisión periódica de los sistemas de evaluación durante el curso del

activities. Third, the Advisory Board will assist in selecting the topics of the policy studies described above and reviewing the ongoing research. Finally, the Advisory Board will serve as a continuing forum for dialogue between the public and private sectors on policy and other issues affecting the small enterprise sector.

In addition, INSOTEC will seek to develop effective arrangements with the other Project implementing institutions (including CIPTE) for coordinating the technical assistance, representational services, and credit activities in the secondary cities.

4. Evaluation

Each of the Project implementing institutions, including INSOTEC and CIPTE, are expected to develop and maintain their own evaluation systems. These systems will measure the performance of the implementing institutions themselves as well as the impact of their activities on the Project beneficiaries, particularly in regard to employment and income generation.

Funds provided under this Cooperative Agreement will finance consultants to provide expert guidance to the Project implementing institutions to ensure that their individual evaluation systems are methodologically sound and that the data collected by the different institutions are consistent and comparable. The consultants will provide periodic supervision of the evaluation systems during the course of the Project, and will prepare periodic compilations and analyses of

Proyecto, y prepararán recopilaciones y análisis periódicos de la información de todos los componentes del Proyecto.

Además, los fondos provistos bajo el Convenio de Cooperación financiarán una evaluación ex ante - ex post, realizada por consultores externos en unas ciudades secundarias seleccionadas donde se llevan a cabo las actividades del Proyecto. Esta evaluación intentará determinar hasta qué punto se puede atribuir al Proyecto los cambios en los sectores de la pequeña empresa en esas ciudades.

A.I.D. contratará directamente a los consultores para la evaluación, con fondos provistos bajo este Convenio de Cooperación.

C. Apoyo Técnico para INSOTEC

Los fondos provistos bajo este Convenio de Cooperación proporcionarán apoyo técnico y capacitación para INSOTEC para fortalecer su capacidad para implementar las actividades descritas en este Convenio. Las áreas principales para asistencia técnica incluyen planificación de programas y sistemas de información, así como administración financiera para ayudar a INSOTEC con la administración de los fondos provistos bajo el Convenio de Cooperación. INSOTEC realizará un subcontrato con una firma calificada con experiencia en programas de asistencia técnica a pequeñas empresas, para este propósito. Además, personal clave de INSOTEC realizarán visitas de observación a programas exitosos de asistencia técnica en otros países. INSOTEC consultará con A.I.D. respecto a las actividades propuestas de apoyo técnico y capacitación.

the data from all Project components.

In addition, funds provided under the Cooperative Agreement will finance an ex ante - ex post evaluation, carried out by external consultants in selected secondary cities where the Project activities take place. This evaluation will attempt to determine the extent to which changes in the small enterprise sectors of those cities can be attributed to the Project.

A.I.D. will contract directly with the evaluation consultants with funds provided under this Cooperative Agreement.

C. Technical Support for INSOTEC

Funds provided under this Cooperative Agreement will provide technical support and training for INSOTEC to strengthen its capacity to implement the activities described herein. Key areas for technical assistance include program planning and information systems, as well as financial administration to help INSOTEC manage the funds provided under the Cooperative Agreement. INSOTEC will subcontract with a qualified organization with experience in small enterprise technical assistance programs to provide these services. Key INSOTEC personnel will also make observational visits to successful technical assistance programs in other countries. INSOTEC will consult with A.I.D. regarding proposed technical support and training activities.

D. Administración del Convenio de Cooperación

1. Planes de Trabajo Semestrales

INSOTEC implementará actividades del Convenio de Cooperación en base a planes de trabajo semestrales. Estos planes de trabajo incluirán: un calendario de actividades para el próximo semestre; una lista de bienes propuestos para adquirirse; una descripción del apoyo técnico y capacitación propuestos para el personal de INSOTEC, incluyendo las fuentes propuestas; y un plan detallado de desembolsos que incluye tanto fondos de A.I.D. como fondos de contrapartida. A.I.D. revisará y aprobará cada plan de trabajo semestral previo al desembolso de fondos para la implementación de dicho plan. Estos planes deberán ser preparados y presentados a la A.I.D. por lo menos 15 días calendario previo a la iniciación del semestre correspondiente.

2. Personal y Organización de INSOTEC

INSOTEC organizará una estructura descentralizada para administrar el programa de asistencia técnica en las ciudades secundarias, como se describe en la Sección B.1., anterior. Un Director Operativo, un Consultor Técnico, y una secretaria para todo el programa se ubicarán en Santo Domingo. Consultores zonales a tiempo completo se ubicarán en las otras ciudades secundarias. Algunos de estos consultores zonales podrán tener asistentes administrativos si el flujo de trabajo así lo requiere. Además, INSOTEC contratará una asesora experta a corto plazo para asistencia técnica en el diseño y ejecución en intervenciones dirigidas a las necesidades especiales de firmas

D. Cooperative Agreement Administration

1. Semiannual Workplans

INSOTEC will implement the Cooperative Agreement activities on the basis of semiannual workplans. These workplans will include: a schedule of activities for the next semester; a list of proposed procurements of goods; a description of proposed technical support and training for INSOTEC staff, including proposed sources; and a detailed disbursement plan which includes both A.I.D. and counterpart funds. A.I.D. will review and approve each workplan prior to disbursement of funds for implementation of the workplan. The workplans should be prepared and presented to A.I.D. no later than 15 calendar days prior to the beginning of the semester.

2. INSOTEC Staffing and Organization

INSOTEC will set up a decentralized structure to manage the technical assistance program in the secondary cities, as described in Section B.1, above. An Operations Director, Technical Advisor, and secretary for the overall program will be based in Santo Domingo. Full-time zonal consultants will be based in the other secondary cities. Some of these zonal consultants may also have administrative assistants if the workload demands. In addition, INSOTEC will contract a short term women-in-development advisor to assist in designing and implementing technical assistance interventions which address the special needs of women owned/operated firms. The

pertenecientes a y/o operadas por mujeres. Las actividades de asistencia técnica serán conducidas parcialmente por los consultores zonales de INSOTEC y la otra parte por consultores independientes bajo contrato, incluyendo aquellos asesores de asistencia técnica capacitados bajo este Convenio de Cooperación. Se espera que hasta donde sea posible, el personal de INSOTEC utilice las facilidades y otros recursos de las organizaciones auspiciantes en cada ciudad (i.e., las camaras de la pequeña industria).

technical assistance activities will be conducted partly by INSOTEC's zonal consultants and partly by independent consultants under contract, including those technical assistance consultants trained under this Cooperative Agreement. It is expected that, to the extent possible, the INSOTEC staff will utilize the facilities and other resources of sponsoring organizations in each city (e.g., the chambers of small industry).

A nivel de oficina central, INSOTEC asignará un Director del Proyecto, un Director Administrativo/Financiero, y personal de apoyo para las actividades del Convenio de Cooperación.

At the central office level, INSOTEC will assign a Project Director, an Administrative/Financial Director, and support staff to the Cooperative Agreement activities.

El Director Ejecutivo de INSOTEC delegará una considerable autoridad para facilitar la implementación de las actividades de asistencia técnica. El Director Operativo localizado en Santo Domingo será responsable de preparar los planes semestrales de trabajo y planes de desembolsos. El Director Operativo tendrá así mismo la autoridad para identificar y seleccionar a contratistas potenciales que proporcionarán servicios de consultoría y otros en las ciudades secundarias y emitirá ordenes de contratación al Director Administrativo/Financiero quien estará autorizado para ejecutar dichos contratos. El Director Administrativo/Financiero también adquirirá bienes basándose en requisiciones del Director Operativo y de acuerdo con los planes de adquisición aprobados, con la excepción de adquisiciones de caja chica para los cuales el Director Operativo tendrá plena autoridad. El

The INSOTEC Executive Director will delegate considerable authority to facilitate implementation of the technical assistance activities. The Operational Director based in Santo Domingo will be responsible for preparing the semiannual workplans and disbursement schedules. The Operational Director will also have authority to identify and select potential contractors to provide consultant and other services in the field and will issue contracting orders to the Administrative/Financial Director who will be authorized to execute the contracts. The Administrative/Financial Director will also procure commodities based on requests from the Operational Director and in accordance with the approved procurement plans, with the exception of petty cash purchases for which the Operational Director will have authority. The Operational Director will have authority to request disbursements of funds directly from the Administrative/Financial Director

Director Operativo tendrá autoridad para solicitar desembolso de fondos directamente del Director Administrativo/Financiero de acuerdo con los planes semestrales de desembolso.

A.I.D. aprobará la selección del principal personal de INSOTEC y el plan para la ubicación inicial del mismo en las ciudades secundarias. A.I.D. e INSOTEC revisarán semestralmente los niveles de personal de INSOTEC, su organización, y las delegaciones de autoridad, conjuntamente con la revisión de los planes semestrales, y realizarán ajustes como se acuerde mutuamente para asegurar la utilización más eficiente del personal de INSOTEC.

3. Desembolsos

A menos que se acuerde de otra manera, A.I.D. desembolsará los fondos directamente a INSOTEC para todas las actividades bajo el Convenio de Cooperación excepto para (a) las actividades directamente implementadas por CIPTE bajo la sub-donación con INSOTEC y (b) los servicios de evaluación.

4. Sub-donación con CIPTE

Previo a la ejecución del convenio de sub-donación con CIPTE, INSOTEC deberá asegurar que CIPTE ha instituído controles internos apropiados para asegurar la correcta administración de los fondos que le son provistos bajo la sub-donación. Estos controles serán verificados por A.I.D. o por una agencia independiente.

5. Contacto en la A.I.D.

El Oficial del Proyecto de la A.I.D. para este Convenio de Cooperación será el Señor James Finucane, Jefe de la Oficina del Sector Privado, a menos

in accordance with the semiannual disbursement plans.

A.I.D. will approve the selection of the key INSOTEC personnel and the plan for initial placement of the personnel in the secondary cities. A.I.D. and INSOTEC will review INSOTEC's staffing levels, organization, and delegations of authority semiannually, in conjunction with review of the workplans, and make adjustments as mutually agreed upon to ensure the most efficient use of the INSOTEC personnel.

3. Disbursements

Unless otherwise agreed, A.I.D. will disburse funds directly to INSOTEC for all activities under the Cooperative Agreement except for (a) the activities directly implemented by CIPTE under its subgrant with INSOTEC and (b) the evaluation services.

4. CIPTE Subgrant

Prior to execution of the subgrant with CIPTE, INSOTEC will ensure that CIPTE has instituted appropriate internal controls to ensure sound management of the funds provided to it under the subgrant. The adequacy of these controls will be verified by A.I.D. or an independent agency.

5. A.I.D. Liaison

The A.I.D. Project Officer for this Cooperative Agreement will be Mr. James Finucane, Chief of the Private Sector Development Office, unless

que A.I.D. indicara lo contrario. A.I.D. designará un Coordinador del Proyecto para el Proyecto de Desarrollo de la Pequeña Empresa quien mantendrá contacto directo con INSOTEC y proporcionará asistencia para asuntos de rutina en la implementación del Proyecto.

otherwise indicated by A.I.D. A.I.D. will designate a Project Coordinator for the Small Enterprise Development Project who will maintain close contact with INSOTEC and provide assistance for routine implementation matters.

E. Presupuesto Ilustrativo (para la vida del Proyecto)

E. Illustrative Budget (for life of Project)

(US$)

ACTIVIDAD/INSUMO (Activity/Input)	FONDOS NO REEMBOLSABLES DE A.I.D (A.I.D. Grant)	FONDOS DE CONTRAPARTIDA (Counterpart)
I. SERVICIOS DE ASISTENCIA TECNICA (Technical Assistance Services)	840,000	300,000
A. Personal (Personnel)	370,000	40,000
B. Consultores Locales para Actividades de Asistencia Técnica Directa (Local consultants for direct T.A. activities)	115,000	
C. Publicaciones (Publications)	10,000	
D. Viajes y Viáticos (Travel and per diem)	65,000	
E. Vehículos y Equipos (Vehicles and Equipment)	85,000	
F. Gastos de Operación de las Oficinas de Campo (Operating expenses of field offices)	65,000	
G. Asistencia Técnica para INSOTEC (Technical assistance to INSOTEC)	130,000	
H. Administración (Administration)		60,000
I. Facilidades de INSOTEC (INSOTEC facilities)		120,000
J. Pagos de Beneficiarios (Beneficiary payments)		80,000

II. SERVICIOS DE REPRESENTACION (REPRESENTATIONAL SERVICES)	500,000	100,000
A. Sub-donación con CIPTE (CIPTE subgrant)	400,000	100,000
B. Estudios de Políticas (Policy Studies)	100,000	
III. COORDINACION DEL PROYECTO (PROJECT COORDINATION) Viático Locales para el Consejo Asesor, eventos de promoción, publicaciones. (Advisory Board local per diem, promotional events, publications.)	25,000	25,000
IV. EVALUACION (EVALUATION) Contratada por la A.I.D. (A.I.D. to Contract for)	400,000	
V. VARIOS (MISCELLANEOUS)	135,000	
TOTAL	1,900,000	425,000

OMB Approval No. 0412-0510
Expiration Date: 1/31/87

MANDATORY STANDARD PROVISIONS FOR NON-U.S., NONGOVERNMENTAL GRANTEES [1]

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11. Nonliability
12. Amendments
13. Notices

[1] The following standard provisions are mandatory for use in all grants with non-U.S., nongovernmental organizations. When these Standard Provisions are used for cooperative agreements, the following terms apply:

"Grantee" means "Recipient,"
"Grant" means "Cooperative Agreement," and
"AID Grant Officer means "AID Agreement Officer."

1. 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 (i) the amount and disposition by the grantee of the proceeds of such assistance, (ii) the total cost of the project or undertaking in connection with which such assistance is given or used, (iii) the amount of that portion of the cost of the project or undertaking supplied by other sources, and (iv) such other records as will facilitate an effective audit.

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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 third parties. Financial settlement of this grant shall be governed by the termination procedures specified in paragraph (e) 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 an 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 basic 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 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 grantees 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 not 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

OPTIONAL STANDARD PROVISIONS FOR NON-U.S., NONGOVERNMENTAL GRANTEES

The standard provisions contained in this Form 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 Handbook 13. *Each grant is required to have a payment provision.* Since not all of the standard provisions will be used in each grant, the standard provisions selected should be numbered to follow consecutively with the mandatory standard provisions contained in AID 1420-53.

INDEX OF OPTIONAL STANDARD PROVISIONS

1.	Payment—Periodic Advance	AID 1420-54A
2.	Payment—Cost Reimbursement	AID 1420-54B
3.	Air Travel and Transportation	AID 1420-54C
4.	Ocean Shipment of Goods	AID 1420-54D
5.	Procurement of Goods and Services	AID 1420-54E
6.	Ineligible and Restricted Goods and Services	AID 1420-54E
7.	Subagreements	AID 1420-54F
8.	Local Cost Financing with U.S. Dollars	AID 1420-54G
9.	Publications	AID 1420-54H
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11.	Regulations Governing Employees	AID 1420-54J
12.	Participant Training	AID 1420-54K
13.	Voluntary Population Planning	AID 1420-54L
14.	Protection of the Individual as a Research Subject	AID 1420-54M
15.	Negotiated Overhead Rates—Provisional	AID 1420-54N
16.	Government Furnished Excess Personal Property	AID 1420-54O
17.	Title To and Use of Property (Grantee Title)	AID 1420-54P
18	Title To and Care of Property (U.S. Government)	AID 1420-54Q
19.	Title To and Care of Property (Cooperating Country Title)	AID 1420-54R
20.	Cost Sharing	AID 1420-54S

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 elapsing 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 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 estimate of funds needed for the disbursements to be incurred over the period described, (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.

BY _____
DATE _____ TITLE _____

PAYMENT - COST REIMBURSEMENT (NOVEMBER 1984)

(This provision is applicable to grants for construction or to grants not qualified to receive periodic advances.)

(a) The grantee shall submit to the AID Controller an original and 3 copies of SF 1034, "Public Voucher for Purchases and Services Other Than Personal" and SF 1034A, Continuation of SF 1034, on a monthly basis and in no event no later than on a quarterly basis. Each voucher shall be identified by the grant number and shall state the total costs for which reimbursement is being requested.

(b) Copies of SF 1034 and SF 1034A are attached.

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 travelers 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 reimburseable 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

(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 the traveler 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 air carriers for international transportation, the grantee will include a certification on vouchers involving such transportation which is essentially as follows:

CERTIFICATION OF UNAVAILABILITY OF U.S. FLAG AIR CARRIERS

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

(l) *International Travel*

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

(2) 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.

OMB Approval No. 0412-0510
Expiration Date: 1/31/87

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) A 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 reimburseable under this grant.

(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 measurements."

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/her knowledge, he/she or his/her immediate family, partners, or organization in which he/she or his/her immediate family or partners has a financial interest or with whom he/she 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 or 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:

(A) Brief general description and quantity of goods or services;

(B) Closing date for receiving quotations, proposals, or bids; and

(C) 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:

(A) Basis for contractor selection;

(B) Justification for lack of competition when competitive bids or offers are not obtained;

(C) 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, AID, 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.

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:

(i) Military equipment.

(ii) Surveillance equipment.

(iii) Commodities and services for support of police or other law enforcement activities.

(iv) Abortion equipment and services.

(v) Luxury goods and gambling equipment, or

(vi) 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:

(i) Agricultural commodities.

(ii) Motor vehicles.

(iii) Pharmaceuticals.

(iv) Pesticides.

(v) Rubber compounding chemicals and plasticizers.

(vi) Used equipment.

(vii) U.S. Government-owned excess property, or

(viii) Fertilizer.

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(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:

(i) 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:

(A) The United States (AID Geographic code 000).

(B) The Cooperating Country.

(C) "Selected Free World" countries (AID Geographic Code 941).

(D) "Special Free World" countries (AID Geographic Code 935)."

(ii) 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:

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

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

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

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

(E) Procurement of locally available goods and services, as opposed to procurement of U.S. goods and services, would best promote the objectives 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 Restriction 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.

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SUBAGREEMENTS (NOVEMBER 1984)

(This provision is applicable when subgrants or cooperative agreements are financed under the grant.)

All subagreements shall as a minimum contain the following provisions as well as any that are specifically required by any othe provision in this grant. Whenever a provision within this grant is required to be inserted in a subagreement, the grantee shall insert a statement in the subagreement that in all instances where the U.S. Government is mentioned, the grantee's name will be substituted.

(a) Subagreements in excess of $10,000 shall contain provisions or conditions that will allow for administrative or legal remedies in instances where subrecipients violate subagreement terms and provide for such remedial action as may be appropriate.

(b) All subagreements in excess of $10,000 shall contain suitable provisions for termination by the recipient including the manner by which the termination will be effected and the basis for settlement. In addition, such subagreements shall describe conditions under which the subagreement may be terminated for default as well as conditions where the subagreement may be terminated because of circumstances beyond the control of the subrecipient.

(c) Subagreements, 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 subagreements in the field 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 subagreement are subject to the regulations contained in the provisions of this grant. The subrecipient shall be advised as to the source of additional information regarding these matters.

(d) All subagreements over $10,000 issued by recipients shall include a provision to the effect that the recipient, AID, 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 subrecipient which are directly pertinent to the specific program for the purpose of making audits, examinations, excerpts and transcriptions.

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.

OMB Approval No. 0412-0510
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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.

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PATENT RIGHTS (NOVEMBER 1984)

(This provision is applicable whenever patentable processes or practices are financed by the grant).

(a) *Definitions.*

(1) "Invention" means any invention or discovery which is or may be patentable or otherwise protectable under Title 35 of the United States Code.

(2) "Subject Invention", means any invention of the recipient conceived or first actually reduced to practice in the performance of work under this agreement.

(3) "Practical Application" means to manufacture in the case of a composition or product, to practice in the case of a process or method, or to operate in the case of a machine or system; and, in each case, under such conditions as to establish that the invention is being utilized and that its benefits are, to the extent permitted by law or Government regulations, available to the public on reasonable terms.

(4) "Made" when use in relation to any invention means the conception or first actual reduction to practice of such invention.

(5) "Small Business Firm" means a small business concern which meets the size standards for small business concerns involved in Government procurement and subcontracting at 13 CFR 121.3-8 and 13 CFR 121.3-12, respectively.

(6) "Nonprofit Organization" means a university or other institution of higher education or an organization which is not organized for profit as described in the laws of the country in which it was organized.

(b) *Allocation of Principal Rights.*

The recipient may retain the entire right, title, and interest throughout the world to each subject invention subject to the provisions of this clause and 35 U.S.C. 203. With respect to any subject invention in which the recipient retains title, the Federal Government shall have a non-exclusive, non-transferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States the subject invention throughout the world.

(c) *Invention Disclosure, Election of Title and Filing of Patent Applications by Recipient.*

(1) The recipient shall disclose each subject invention to AID within two months after the inventor discloses it in writing to recipient personnel responsible for patent matters. The disclosure to AID shall be in the form of a written report and shall identify the agreement under which the invention was made and the inventor(s). It shall be sufficiently complete in technical detail to convey a clear understanding, to the extent known at the time of the disclosure, of the nature, purpose, operation, and physical, chemical, biological or electrical characteristics of the invention. The disclosure shall also identify any publication, on sale or public use of the invention and whether a manuscript describing the invention has been submitted for publication and if so, whether it has been accepted for publication at the time of disclosure. In addition, after disclosure to AID the recipient shall promptly notify AID of the acceptance of any manuscript describing the invention for publication or of any on sale or public use planned by the recipient.

(2) The recipient shall elect in writing whether or not to retain title to any such invention by notifying AID within twelve months of disclosure to the recipient, provided that in any case where publication, on sale, or public use has initiated the one-year statutory period wherein valid patent protection can still be obtained in the United States, the period of election of title may be shortened by AID to a date that is no more than 60 days prior to the end of the statutory period.

(3) The recipient shall file its initial patent application on an elected invention within two years after election or, if earlier, prior to the end of any statutory period wherein valid patent protection can be obtained in the United States after a publication, on sale, or public use. The recipient shall file patent application in additional countries within either ten months of the corresponding initial patent application or six months from the date permission is granted by the Commissioner of Patents and Trademarks to file foreign patent application where such filing has been prohibited by a Secrecy Order.

(4) Requests for extension of the time for disclosure to AID, election, and filing may, at the discretion of AID, be granted.

(d) *Conditions When the Government May Obtain Title.*

The recipient shall convey to AID upon written request, title to any subject invention:

(1) If the recipient fails to disclose or elect the subject invention within the times specified in c. above, or elects not to retain title, AID may only request title within sixty days after learning of the recipient's failure to report or elect within the specified times.

(2) In those countries in which the recipient fails to file patent applications within the times specified in c. above; provided, however, that if the recipient has filed a patent application in a country after the times specified in c., above, but prior to its receipt of the written request of AID the recipient shall continue to retain title in that country.

(3) In any country in which the recipient decides not to continue the prosecution of any application for, to pay the maintenance fees on, or defend in reexamination or opposition proceeding on a patent on a subject invention.

(e) *Minimum Rights to Recipient.*

(1) The recipient shall retain a nonexclusive, royalty-free license throughout the world in each subject invention to which the Government obtains title except if the

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recipient fails to disclose the subject invention within the times specified in c., above. The recipient's license extends to its subsidiaries and affiliates, if any, within the corporate structure of which the recipient is a party and includes the right to grant sublicenses of the same scope to the extent the recipient was legally obligated to do so at the time the agreement was awarded. The license is transferable only with the approval of AID except when transferred to the successor of that party of the recipient's business to which the invention pertains.

(2) The recipient's license may be revoked or modified by AID to the extent necessary to achieve expeditious practical application of the subject invention pursuant to an application for an exclusive license submitted in accordance with applicable provisions in the Federal Property Management Regulations and agency licensing regulations (if any). This license shall not be revoked in that field of use or the geographical areas in which the recipient has achieved practical application and continues to make the benefits of the practical application and continues to make the benefits of the invention reasonably accessible to the public. The license in any foreign country may be revoked or modified at the discretion of AID to the extent the recipient, its licensees, or its subsidiaries or affiliates have failed to achieve practical application.

(3) Before revocation or modification of the license, AID shall furnish the recipient written notice of its intention to revoke or modify the license, and the recipient shall be allowed thirty days (or such other time as may be authorized by AID for good cause shown by the recipient) after the notice to show cause why the license should not be revoked or modified. The recipient has the right to appeal, in accordance with applicable agency licensing regulations (if any) and the Federal Property Management Regulations concerning the licensing of Government-owned inventions, any decision concerning the revocation or modification of its license.

(f) *Recipient Action to Protect the Government's Interest.*

(1) The recipient agrees to execute or to have executed and promptly deliver to AID all instruments necessary to (i) establish or confirm the rights the Government has throughout the world in those subject inventions to which the recipient elects to retain title, and (ii) convey title to AID when requested under paragraph d. above, and to enable the Government to obtain patent protection throughout the world in that subject invention.

(2) The recipient agrees to require, by written agreement, its employees, other than clerical and nontechnical employees, to disclose promptly in writing to personnel identified as responsible for the administration of patent matters and in a format suggested by the recipient each subject invention made under agreement in order that the recipient can comply with the disclosure provisions of paragraph c. above, and to execute all papers necessary to file patent applications on subject inventions and to establish the Government' rights in the subject inventions. This disclosure format should require, as a minimum, the information required by c. (1) above. The recipient shall instruct such employees through employee agreements or other suitable educational programs on the importance of reporting inventions in sufficient time to permit the filing of patent application prior to U.S. or foreign statutory bars.

(3) The recipient shall notify AID of any decision not to continue the prosecution of a patent application, pay maintenance fees, or defend in a reexamination or opposition proceeding on a patent, in any country, not less than 30 days before the expiration of the response period required by the relevant patent office.

(4) The recipient agrees to include, within the specification of any United States patent application and any patent issuing thereon covering a subject invention, the following statement: "This invention was made with Government support under (identify the agreement awarded by AID). The Government has certain rights in this invention."

(g) *Subagreements and Contracts.*

The recipient shall include this clause suitably modified to identify the parties, in all subagreements and contracts, regardless of tier, for experimental, developmental or research work to be performed by a small business firm or nonprofit organization. The subrecipient or contractor shall retain all rights provided for the recipient in this clause, and the recipient shall not, as part of the consideration for awarding the contract or subagreement obtain rights in the contractor's or subrecipient's subject inventions.

(h) *Reporting Utilization of Subject Inventions.*

The recipient agrees to submit on request periodic reports no more frequently than annually on the utilization of a subject invention or on efforts at obtaining such utilization that are being made by the recipient or its licensees or assignees. Such reports shall include information regarding the status of development, date of first commercial sale or use, gross royalties received by the recipient, and such other data and information as AID may reasonably specify. The recipient also agrees to provide additional reports as may be requested by AID in connection with any march-in proceedings undertaken by AID in accordance with paragraph j. of this provision. To the extent data or information supplied under this section is considered by the recipient, its licensee or assignee to be privileged and confidential and is so marked, AID agrees that, to the extent permitted by law, it shall not disclose such information to persons outside the Government.

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(i) *Preference for United States Industry.*

Notwithstanding any other provision of this clause, the recipient agrees that neither it nor any assignee will grant to any person the exclusive right to use or sell any subject invention in the United States unless such person agrees that any products embodying the subject invention shall be manufactured substantially in the United States. However, in individual cases, the requirement for such an agreement may be waived by AID upon a showing by the recipient or its assignee that reasonable but unsuccessful efforts have been made to grant licenses on similar terms to potential licensees that would be likely to manufacture substantially in the United States or that under the circumstances manufacture in the United States is not commercially feasible.

(j) *March-in Rights*

The recipient agrees that with respect to any subject invention in which it has acquired title, AID has the right in accordance with the procedures in OMB Circular A-124 to require the recipient, an assignee or exclusive licensee of a subject invention to grant a non-exclusive, partially exclusive, or exclusive license in any field of use to a responsible applicant or applicants, upon terms that are reasonable under the circumstances, and if the recipient, assignee, or exclusive licensee refuses such a request, AID has the right to grant such a license itself if AID determines that:

(1) Such action is necessary because the recipient or assignee has not taken or is not expected to take within a reasonable time, effective steps to achieve practical application of the subject invention in such field of use;

(2) Such action is necessary to alleviate health or safety needs which are not reasonably satisfied by the recipient, assignee, or their licensees;

(3) Such action is necessary to meet requirements for public use specified by Federal regulations and such requirements are not reasonably satisfied by the recipient, assignee, or licensees; or

(4) Such action is necessary because the agreement required by paragraph i. of this clause has not been obtained or waived or because a license of the exclusive right to use or sell any subject invention in the United States is in breach of such agreement.

(k) *Special Provisions for Agreements with Nonprofit Organizations.*

If the recipient is a nonprofit organization, it agrees that:

(1) Rights to a subject invention may not be assigned without the approval of AID, except where such assignment is made to an organization which has as one of its primary functions the management of inventions and which is not, itself, engaged in or does not hold a substantial interest in other organizations engaged in the manufacture or sale of products or the use of processes that might utilize the invention or be in competition with embodiments of the invention (provided that such assignee shall be subject to the same provisions as the recipient.

(2) The recipient may not grant exclusive licenses under the United States patents or patent applications in subject inventions to person other than small business firms for a period in excess of the earlier of:

(i) Five years from first commercial sale or use of the invention; or

(ii) Eights years from the date of the exclusive license excepting that time before regulatory agencies necessary to obtain premarket clearance, unless on a case-by-case basis, AID approves a longer exclusive license. If exclusive field of use licenses are granted, commercial sale or use in one field of use shall not be deemed commercial sale or use as to other fields of use and a first commercial sale or use with respect to a product of the invention shall not be deemed to end the exclusive period to different subsequent products covered by the invention.

(3) The recipient shall share royalties collected on a subject invention with the inventor; and

(4) The balance of any royalties or income earned by the recipient with respect to subject inventions, after payment of expenses (including payments to inventors) incidental to the administration of subject inventions, shall be utilized for the support of scientific research or education.

(l) *Communications.*

Communications concerning this provision shall be addressed to the grant officer at the address shown on the face of this agreement.

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 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.

OMB Approval No.: 0412-0510
Expiration Date: 1/31/87

PARTICIPANT TRAINING (NOVEMBER 1984)

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

(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 exception 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 form AID 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 form AID 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.

(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 AID and submitted to:

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

(i) 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.

(ii) 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.

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VOLUNTARY POPULATION PLANNING (NOVEMBER 1984)

(This provision is applicable to all grants involving any aspect of voluntary population planning activities.)

(a) *Voluntary Participation*

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

(b) *Prohibition on Abortion-Related Activities*

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

(2) No funds made available under this grant will be used to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilizations as a means of family planning. Epidemiologic or descriptive research to assess the incidence, extent or consequences of abortion is not precluded.

(c) *Voluntary Participation Requirements For Sterilization Programs*

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

(2) The grantee shall ensure that any surgical sterilization procedures supported in whole or in part by funds from this grant are performed only after the individual has voluntarily gone to the treatment facility and has given informed consent to the sterilization procedure. Informed consent means the voluntary, knowing assent from the individual after being advised of the surgical procedures to be followed, the attendant discomforts and risks, the benefits to be expected, the availability of alternative methods of family planning, the purpose of the operation and its irreversibility, and the option to withdraw consent anytime prior to the operation. An individual's consent is considered voluntary if it is based upon the exercise of free choice and is not obtained by any special inducement or any element of force, fraud, deceit, duress, or other forms of coercion or misrepresentation.

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

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

(d) The grantee shall insert this provision in all subsequent subgrants and contracts involving family planning or population activities which will be supported in whole or part from funds under this grant.

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PROTECTION OF THE INDIVIDUAL AS A RESEARCH SUBJECT (NOVEMBER 1984)

(This provision is applicable when human subjects are involved in research financed by the grant.)

(a) Safeguarding the rights and welfare of human subjects involved in research supported by AID is the responsibility of the organization to which support is awarded. It is the policy of AID that no work shall be initiated under any grant for the support of research involving human subjects unless the research is given initial and continuing review and approval by an appropriate committee of the applicant organization. This review shall assure that (1) the rights and welfare of the individuals involved are adequately protected, (2) the methods used to obtain informed consent are adequate and appropriate, and (3) the risks and potential medical benefits of the investigation are assessed.

(b) The organization must provide written assurance to AID that it will abide by this policy for all research involving human subjects supported by AID. This assurance shall consist of a written statement of compliance with the requirements regarding initial and continuing review of research involving human subjects and a description of the organization's review committee structure, its review procedures, and the facilities and personnel available to protect the health and safety of human subjects. In addition to providing the assurance, the organization must also certify to AID for each proposal involving human subjects that its committee has reviewed and approved the proposed research before any work may be initiated.

(c) Since the welfare of the subject individual is a matter of concern to AID as well as to the organization; AID advisory groups, consultants, and staff may independently review all research involving human subjects, and prohibit research which presents unacceptable hazards. This provision, however, shall not derogate in any manner from the responsibility of the organization set forth herein.

(d) All of the above provisions apply to any research involving human subjects conducted outside of the United States and, in addition, such overseas research will conform to legal and other requirements governing human research in the country where they are conducted.

(e) In addition to the procedures set forth above, studies with unmarketed drugs will be carried out in accordance with provisions applicable in the country where the study is conducted.

(f) Guidance on procedures to safeguard human subjects involved in research is found in Title 45, Part 46, of the Code of Federal Regulation. Compliance with these procedures, except as modified above, is required.

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NEGOTIATED OVERHEAD RATES—PROVISIONAL (NOVEMBER 1984)

(This provision is applicable to all recipients who have an established provisional overhead rate.)

(a) An overhead rate shall be established for each of the grantee's accounting periods during the term of this grant. Pending establishment of a final rate, provisional overhead payments shall be at the rate(s), on the base(s), and for the period(s) shown in the Schedule of this grant.

(b) The grantee, not later than 6 months after the close of each of its accounting periods during the term of this grant, shall submit to the grant officer a proposed final rate(s) for the period, together with supporting cost data. Negotiation of final overhead rate(s) by the grantee and the grant officer shall be undertaken as promptly as practicable after receipt of the grantee's proposal.

(c) The results of each negotiation shall be set forth in an amendment to the grant and shall specify (1) the agreed upon final rate(s), (2) the base(s) to which the rate(s) apply, and (3) the period for which the rates apply. The overhead rate amendment shall not change any monetary ceiling, grant obligation, or specific cost allowance or disallowance provided for in this grant.

(d) To prevent substantial over or under payment, the provisional or billing rates may, at the request of either party, be revised by mutual agreement, either retroactively or prospectively. Any such revision of negotiated provisional rates provided in this provision shall be set forth in an amendment to this grant.

(e) Any failure by the parties to agree on any final rate(s) under this provision shall be considered a dispute within the meaning of the standard provision of the grant, entitled "Disputes".

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GOVERNMENT FURNISHED EXCESS PERSONAL PROPERTY (NOVEMBER 1984)

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

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

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.

TITLE TO AND CARE OF PROPERTY (U.S. GOVERNMENT) (NOVEMBER 1984)

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

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

(b) *Use of Government Property*

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

(c) *Control, Maintenance and Repair of Government Property*

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

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

(1) *Property Control*

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

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

(ii) The price of each item of property acquired or furnished under this grant.

(iii) The location of each item of property acquired or furnished under this grant.

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

(v) A record of disposition of each item acquired or furnished under the grant.

(vi) Date of order and receipt of any item acquired or furnished under the grant.

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

(2) *Maintenance Program*

The grantee's maintenance program shall be consistent with sound business practice, the terms of the grant, and provide for:

(i) disclosure of need for and the performance of preventive maintenance,

(ii) disclosure and reporting of need for capital type rehabilitation, and

(iii) recording of work accomplished under the program.

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

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

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

(d) *Risk of Loss*

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

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

(ii) Which results from a failure on the part of the grantee, due to the willful misconduct or lack of good faith

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on the part of any of its directors, officers, or other representatives mentioned in (i) above:

(A) to maintain and administer, in accordance with sound business practice, the program for maintenance, repair, protection, and preservation of Government property as required by (i) above, or

(B) to take all reasonable steps to comply with any appropriate written directions of the grant officer under (c) above;

(iii) For which the grantee is otherwise responsible under the express terms designated in the Schedule of this grant;

(iv) Which results from a risk expressly required to be insured under some other provision of this grant, but only to the extent of the insurance so required to be procured and maintained, or to the extent of insurance actually procured and maintained, whichever is greater; or

(v) Which results from a risk which is in fact covered by insurance or for which the grantee is otherwise reimbursed, but only to the extent of such insurance or reimbursement;

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

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

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

(i) The lost, destroyed, and damaged Government property;

(ii) The time and origin of the loss, destruction, or damage;

(iii) All known interests in commingled property of which the Government property is a part; and

(iv) The insurance, if any, covering any part of or interest in such commingled property.

The grantee shall make repairs and renovations of the damaged Government property or take such other action as the grant officer directs.

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

(e) *Access*

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

(f) *Final Accounting and Disposition of Government Property*

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

(g) *Communications*

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

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TITLE TO AND CARE OF PROPERTY (COOPERATING COUNTRY TITLE) (NOVEMBER 1984)

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

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

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

(c) Within 90 days after completion of this grant, or at such other date as may be fixed by the grant officer, the grantee shall submit an inventory schedule covering all items of equipment, materials and supplies under the grantee's 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 grant. The grantee shall also indicate what disposition has been made of such property.

COST SHARING (NOVEMBER 1984)

(This provision is applicable when the recipient is either voluntarily cost sharing or is required to provide a matching share.)

(a) For each year (or funding period) under this grant, the grantee agrees to expend from non-Federal funds an amount at least equal to the percentage of the total expenditures under this grant specified in the schedule of the grant. The schedule of this grant may also contain restrictions on the application of cost sharing/matching funds. The schedule takes precedence over the terms of this provision.

(b) Eligibility of non-Federal funds applied to satisfy cost sharing/matching requirements under this grant are set forth below:

(1) Charges incurred by the grantee as project costs. Not all charges require cash outlays by the grantee during the project period; examples are depreciation and use charges for buildings and equipment.

(2) Project costs financed with cash contributed or donated to the grantee by other non-Federal public agencies and institutions, and private organizations and individuals, and

(3) Project costs represented by services and real and personal property, or use thereof, donated by other non-Federal public agencies and institutions, and private organizations and individuals.

(c) All contributions, both cash and in-kind, shall be accepted as part of the grantee's cost sharing and matching when such contributions meet all of the following criteria:

(1) Are verifiable from the grantee's records;

(2) Are not included as contributions for any other Federally assisted program;

(3) Are necessary and reasonable for proper and efficient accomplishment of project objectives;

(4) Are types of charges that would be allowable under the applicable Federal cost principles;

(5) Are not paid by the Federal Government under another grant or agreement (unless the grant or agreement is authorized by Federal law to be used for cost sharing or matching);

(6) Are provided for in the approved budget when required by AID; and

(7) Conform to other provisions of this paragraph.

(d) Values for grantee in kind contributions will be established in accordance with the applicable Federal cost principles.

(e) Specific procedures for the grantee in establishing the value of in-kind contributions from non-Federal third parties are set forth below:

(1) *Valuation of volunteer services.* Volunteer services may be furnished by professional and technical personnel, consultants, and other skilled and unskilled labor. Volunteer services may be counted as cost sharing or matching if the service is an integral and necessary part of an approved program.

(i) *Rates for volunteer services.* Rates for volunteers should be consistent with those paid for similar work in the grantee's organization. In those instances in which the required skills are not found in the grantee's organization, rates should be consistent with those paid for similar work in the labor market in which the grantee competes for the kind of services involved.

(ii) *Volunteers employed by other organizations.* When an employer other than the grantee furnishes the services of an employee, these services shall be valued at the employee's regular rate of pay (exclusive of fringe benefits and overhead costs) provided these services are of the same skill for which the employee is normally paid.

(2) *Valuation of donated expendable personal property.* Donated expendable personal property includes such items as expendable equipment, office supplies, laboratory supplies or workshop and classroom supplies. Value assessed to expendable personal property included in the cost/matching share should be reasonable and should not exceed the market value of the property at the time of the donation.

(3) *Valuation of donated nonexpendable personal property, buildings, and land or use thereof.*

(i) The method used for charging cost sharing or matching for donated nonexpendable personal property, buildings and land may differ according to the purpose of the grant as follows:

(A) If the purpose of the grant is to assist the recipient in the acquisition of equipment, buildings or land, the total value of the donated property may be claimed as cost sharing or matching.

(B) If the purpose of the grant is to support activities that require the use of equipment, buildings, or land, depreciation or use charges for equipment and buildings may be made. The full value of equipment or other capital assets and fair rental charges for land may be allowed provided that AID has approved the charges.

(ii) The value of donated property will be determined in accordance with the usual accounting policies of the grantee with the following qualifications:

(A) *Land and buildings.* The value of donated land and buildings may not exceed its fair market value, at the time of donation to the grantee as established by an independent appraiser; and certified by a responsible official of the grantee.

(B) *Nonexpendable personal property.* The value

of donated nonexpendable personal property shall not exceed the fair market value of equipment and property of the same age and condition at the time of donation.

(C) *Use of space.* The value of donated space shall not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately owned building in the same locality.

(D) *Borrowed equipment.* The value of borrowed equipment shall not exceed its fair rental value.

(f) The following requirements pertain to the grantee's supporting records for in-kind contributions from non-Federal third parties.

(1) Volunteer services must be documented and, to the extent feasible, supported by the same methods used by the grantee for its employees.

(2) The basis for determining the valuation for personal services, material, equipment, buildings and land must be documented.

(g) Individual expenditures do not have to be shared or matched provided that the total expenditures incurred during the year (or funding period) are shared or matched in accordance with the agreed upon percentage set forth in the schedule of the grant.

(h) If at the end of any year (or funding period) hereunder, the grantee has expended an amount of non-Federal funds less than the agreed upon percentage of total expenditures, the difference may be applied to reduce the amount of AID funding the following year (or funding period), or, if this grant has expired or been terminated, the difference shall be refunded to AID.

(i) Failure to meet the cost sharing/matching requirements set forth in paragraph (a) above shall be considered sufficient reasons for termination of this grant for cause in accordance with paragraph (a) entitled "For Cause" of the standard provision of this grant entitled "Termination."

(j) The restrictions on the use of AID grant funds hereunder set forth in the standard provisions of this grant are applicable to expenditures incurred with AID funds provided under this grant. The grantee will account for the AID funds in accordance with the standard provision of this grant entitled "Accounting, Audit and Records".

(k) Nonwithstanding paragraph (b) of the standard provision of this grant entitled "Refunds", the parties agree that in the event of any disallowance of expenditures from AID grant funds provided hereunder, the grantee may substitute expenditures made with funds provided from non-Federal sources provided they are otherwise eligible in accordance with paragraph (b) of this provision.

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