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U. S. AID MISSION TO DOMINICAN REPUBLIC

AMERICAN EMBASSY, P. O. Box 22201
SANTO DOMINGO, DOMINICAN REPUBLIC

JUL 10 1987

FOR U. S. CORRESPONDENTS:
U. S. AID MISSION
APO MIAMI 34041-0008

"LETTER OF AGREEMENT"

Mr. José Miguel Bonetti
President
Agricultural Development Foundation
c/o Consejo Nacional de Hombres de Empresa
Av. Abraham Lincoln No. 1056
Santo Domingo, D. R.

Subject: Grant No. 517-0214

Dear Mr. Bonetti:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A.I.D." or "Grantor" hereby grants to the Agricultural Development Foundation (ADF) (hereby referred to as "Grantee"), the sum of Two Million Six Hundred Thirty Five Thousand United States Dollars (\$2,635,000) of which \$900,000 is obligated for the period of July 10, 1987 through June 30, 1992; the remaining \$1,735,000 shall be incrementally funded by formal modification to this Grant Agreement subject to the availability of funds. This is to provide support for a program to develop an institution that is essential to the expansion of commercial farming in the Dominican Republic. The project will provide financial and technical support to the ADF to (a) promote economically justifiable research in non-traditional crops, (b) establish a rapid-response capability for agribusinesses and farmers, (c) improve the quality of research through operating of a technical information center, and (d) establish an endowment fund to support the Foundation. The Project is more fully described in the Schedule of this Grant and Attachment 2, entitled "Program Description".

CONFORMED COPY

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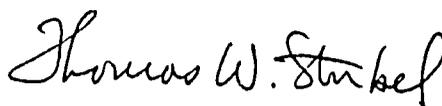


This Grant is effective as of the date of this letter and the expiration date is June 30, 1992. The sum of \$900,000 is presently obligated and shall apply to commitments made by the Grantee in furtherance of program objectives during the period commencing with the effective date of this Grant through June 30, 1992.

This Grant is made to the ADF on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1, entitled "Schedule"; Attachment 2, entitled "Program Description"; and Attachment 3, entitled "Mandatory and Optional Standard Provisions" for non-U.S. nongovernmental grantees effective Jan. 1, 1987; which have been agreed to by your organization.

Please sign the two (2) originals of this letter to acknowledge your receipt of the Grant, and return one original to A.I.D. Additionally, please complete, execute and return the "Assurance of Compliance with Laws and Regulations Governing Non-Discrimination in Federally Assisted Programs."

Sincerely yours,



Thomas W. Stukel

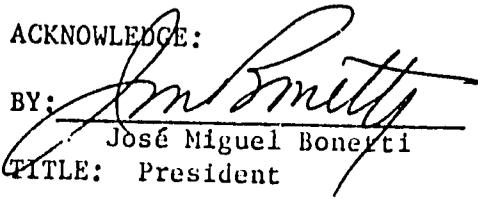
Director

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions

ACKNOWLEDGE:

BY:



José Miguel Bonetti

TITLE: President

DATE: JUL 10 1987

FISCAL DATA

Appropriation: 72-1171021

Budget Plan Code: LDNA 87-25517-KG 13

Total Estimated Amount: \$2,635,000

Total Obligated Amount: \$900,000

Funding Source: ARDN

ATTACHMENT 1- SCHEDULE

A. Purpose of Grant

The purpose of this Grant is to provide support to the Agricultural Development Foundation (ADF) for a program to (a) promote economically justifiable research in non-traditional crops, (b) establish a rapid-response capability for agribusinesses and farmers, (c) improve the quality of research through operation of a technical information center, and (d) establish an endowment fund to support the Foundation.

B. Period of Grant

1. The effective date of this Grant is July 10, 1987. The expiration date of this Grant is June 30, 1992.

2. Funds obligated hereunder are available for program expenditures for the estimated period July 10, 1987 to June 30, 1992 as shown in the Grant Budget below.

C. Amount of Grant and Payment

1. The total estimated amount of this Grant for the period shown in B.1. above is \$2,635,000.

2. AID hereby obligates the amount of \$900,000 for program expenditures during the period set forth in B.2. above and as shown in the Grant Budget below.

3. Payment shall be made to the Grantee in accordance with procedures set forth in Attachment 3, "Mandatory and Optional Standard Provisions for Non-U.S. Nongovernmental Grantees effective January 1, 1987".

4. Additional funds up to the total amount of the Grant shown in C.1. above may be obligated by AID subject to the availability of funds, and to the requirements of the "Standard Provisions" of the Grant, entitled "Revision of Financial Plans".

D. Budget

The following is the Budget for this Grant, including local cost financing items. Revisions to this Budget shall be made in accordance with the Standard Provisions of this Grant entitled "Revision of Financial Plans".

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GRANT BUDGET

	<u>A.I.D.</u>	<u>Host Country 1/</u>
	(US\$ 000)	
1. <u>ADF</u>		
Technical Assistance	1658	
Vehicles and Equipment	133	
Training	498	
Endowment Fund		5,914 ^{2/}
Staff and Operational Expenses	180	520
Research Grants	96	1,978
Subtotal	<u>2,565</u>	<u>7,692</u>
2. Evaluation/Audit	70	--
TOTAL	<u>2,635</u>	<u>7,692</u>

1. To be provided in local currencies. Equivalent calculated at RD\$3.60 = US\$1.00.
2. Of this amount, the members of the ADF have committed themselves to contribute not less than RD\$3,700,000 to the Endowment Fund.

Within the total obligated amount the Grantee may adjust individual line items as is reasonably necessary for the performance of the project activities. No such adjustment may change any line item by more than 15% without the prior written approval of A.I.D.

E. Reporting and Evaluation

Reporting -- Reporting shall be done by the Grantee in accordance with requirements which will be furnished by A.I.D. after the effective date of the Grant.

Evaluation -- The Parties agree to establish an evaluation program as part of the Project. Except as the Parties may otherwise agree in writing, the program will include a mid-point evaluation during the implementation of the Project and at least one other at the end of same. The evaluation will include, but not be limited to: (a) evaluation of progress toward attainment of the objectives of the Project; (b) identification and evaluation of problem areas or constraints which may inhibit such attainment; (c) assessment of how such information may be used to help overcome such problems; and (d) evaluation, to the degree feasible, of the overall development impact of the Project.

F. Special Provisions

1. The Standard Provisions for this Grant shall be the attached provisions entitled, "Non-U.S., Nongovernmental Grantees", effective January 1, 1987.

2. First Disbursement to ADF. Prior to the first disbursement under the Grant to ADF, the Grantee will, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) Evidence that it has been legally incorporated, that the Board of Directors and its operating committees have been named and that a fulltime Executive Director and financial manager have been appointed.

(b) an opinion of the Legal Advisor to the Grantee that this Agreement has been duly authorized and executed on behalf of the Grantee, and that it constitutes a valid and legally binding obligation of the Grantee in accordance with all of its terms.

(c) a statement of the name of the person who will represent the Grantee, and of any additional representatives, together with a specimen signature of each person specified in such statement.

(d) evidence that the Endowment Fund has been established with an agreed contribution by members of the ADF, and arrangements have been made for the GODR counterpart contribution, and

(e) plans for management and control/audit of the Endowment Fund, and certification by a CPA acceptable to A.I.D. that it has established an appropriate financial management system for the AID funds.

3. Disbursement for Research Grants

Prior to the disbursement of any funds to be granted to researchers under the Grant for Agricultural Technology Development, or to the issuance by A.I.D. of documentation pursuant to which such

disbursement will be made, the Grantee shall, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) A draft research program, and

(b) Operational procedures for making and supervising research grants.

G. Authorized Geographic Code

The authorized geographic code for procurement of goods and services under this Grant is 000 (U.S.) and the Dominican Republic.

H. Title to Property

Title to all equipment and supplies acquired under this Grant shall be vested in the ADF in accordance with Clause 13, "Title to and Use of Property (Grantee)" of the Standard Provisions, at the conclusion of the Grant.

I. All sub-grants and contracts entered into under this Grant by the Grantee shall have prior A.I.D. approval. Procurement procedures to be utilized by the Grantee are required to be in conformity with Standard Provision 4 and must have prior A.I.D. approval.

Commercial Farming Systems: Agricultural Technology Development ComponentA. Goal and Purpose

The goal of this project is to contribute to sustained and equitably distributed economic growth in the D.R. by accelerating the movement of the agricultural sector into non-traditional crops, thereby increasing small farmer incomes and rural employment, and earning or saving foreign exchange. The purpose of this project is to increase production of non-traditional crops through expanded farmer linkages with agribusinesses and direct access to credit and improved technology.

Under the Agricultural Technology Development Component of the project, assistance will be provided to the Agriculture Development Foundation (ADF). The incrementally funded Grant, in the total amount of US\$2,635,000, will be used for the program described below.

1. Objectives of Component

The objectives of this project component are: (a) in the medium term (one to two years), to improve agricultural production technology for producers/exporters of non-traditional crops (NTCs); and (b) in the long term (four to five years), to develop a private sector organization that provides direction, training, financial and technical assistance for certain kinds of agricultural technology development occurring in both the private and public sectors.

These objectives will be accomplished by the:

- a) Promotion of economically justifiable research that will develop some 15 improved production technology packages responsive to the needs of NTC producers;
- b) Establishment of a rapid-response capability to assist agribusinesses experiencing major production problems with state-of-the-art technology and technical expertise;
- c) Improvement of the quality of locally conducted agricultural research, resulting from intensive skills training of 60 Dominican researchers;
- d) Provision of a source of technical information to support present and potential researchers and producers of NTCs as indicated by the establishment of a Foundation Information Center, and the organization of seminars or technical conferences; and
- e) Establishment of a private sector supported endowment fund to provide for the future financial viability of the Foundation.

2. Operations, Activities and Organization

a) Operations and Activities

A non-profit, private sector-directed foundation has been established in the Dominican Republic, with the cooperation of the National Council of Businessmen (CNHE). The Agricultural Development Foundation (ADF), was chartered on April 17, 1987, by Presidential decree, as a non-profit, independent entity, eligible to receive financial support for its endowment fund from the GODR, international donors and the private sector. Interest earnings on the endowment will finance agricultural research and operating expenses. The Foundation will also have the right to publish, and the capability to disseminate all research information obtained through its activities.

The Research Program: The ADF will develop a research program that defines the crops and the technical areas of interest that will receive its funding. The research program will establish the ADF's priorities for the research community. The program will be reviewed on an annual basis and approved by the Board of Directors, as one of its overall responsibilities. Initially, the program will focus on supporting the development of improved agricultural production technology for producers and exporters of non-traditional crops. Programs developed in later years could and probably will be focused on other technical areas or crops that are important to the country.

Mode of Operation: The ADF will finance work under contracts with researchers in the existing agricultural research community, which consists of government research centers, university research stations, and agribusinesses. The ADF will be able to finance the operational or marginal costs, thereby increasing the utilization of human and physical resources that are already in place.

On-farm Research: The ADF will emphasize on-farm research involving the ultimate users of the technology, i.e. the agribusinesses and their outgrowers. When ADF contracts research with scientists in either public or private sector organizations, the scientists will be expected to work closely with collaborators that have a stake in the final results. In some instances, short-term technical assistance from a local specialist (e.g. a plant pathologist), who is not available in the institution or firm originating the proposal, will be contracted to ensure the proper management and/or analysis of a given research trial. In those cases, the research grant will also finance this short-term local expertise. The Foundation will also provide limited supervision at key moments to monitor the management of trials, (planting, data collection, etc.) to give technical guidance, ensure the quality of the final results, and guide their dissemination to a broad community of users. Once the Foundation has sufficient experience with and confidence in a given researcher, this initial monitoring will be phased out. The Foundation will support the dissemination of any significant results from the trial.

Although the majority of Foundation research will likely be conducted on growers' farms, some production problems are better solved in the semi-controlled environment of a research station. In those cases as well, the Foundation will ensure the proper design and management of the field trial through the provision of limited monitoring.

During the first year of the project, the Foundation will be focussed on organizational activities, with limited research grant activity that may support the development of one or two technology packages. By years four and five, the Foundation should be supporting three or four technology packages per year.

Sources of Research Proposals: The ADF will obtain research proposals by three different means. Some will be unsolicited, others will be solicited from qualified sources, and others will be developed in-house by the Foundation staff. Except for the latter, the cost of proposal preparation will be borne by the authors. No matter how a proposal is obtained, it will be reviewed by the ADF staff, and a recommendation will be submitted to the Executive Committee of the Board of Directors. The criteria for judging proposals may vary depending upon the type of research to be funded. General criteria for most areas of research will include:

- Compliance with the Foundation's stated program emphasis;
- Economic justification that stresses near-term returns;
- Participation of a collaborator; and
- Technical soundness.

More specific criteria for selected crops will be prepared by the Foundation and these criteria for selection of research projects will be made known in advance to the research community. The Foundation staff will be expected to support only those proposals which meet the established criteria and priorities. Occasionally, ADF staff may assist researchers to develop sound proposals that would contribute to the attainment of the Foundation's program objectives.

An Executive Committee of members of the Foundation's Board of Directors and invited specialists will review and approve each proposal based on analysis and recommendation of the ADF staff. The committee also might approve technically sound proposals that do not fall within the Foundation's program if they determined that they were innovative enough to be of interest, or that they dealt with a problem of national importance (e.g. the outbreak of a disease affecting an important crop).

Financial Management: The research grants will be made to individuals based on the budget submitted with the proposal. Shorter studies (of less than two months' duration) will be financed by an advance to be

liquidated by the researcher when his or her work is complete. Long-range efforts will be financed by partial advances, supported by periodic accounting to the Foundation's financial manager.

Information Services: The ADF will establish an Information Center to collect agricultural technology information (both national and international); to publish and disseminate the results of research that the ADF sponsors; and to sponsor an annual seminar or workshop, as well as other less formal field days at locations where the selected crops are grown. The Information Center will be managed by a locally hired person with knowledge of information management (i.e. computer and library experience) and dissemination. The Center will have a budget to finance the acquisition of essential agricultural periodicals and technical journals. It will also be equipped with a microcomputer for analysis and storage of research data and other technical information obtained as a result of the Foundation's research program and contacts with the international community. The Center will serve as a source of technical information for anyone requiring specific knowledge of production technology for various locally grown non-traditional crops and commercial practices utilized in other countries. The Center will also develop a cost effective system to actively disseminate this technical information to users. It is anticipated that the Center will utilize written material (i.e. pamphlets, bulletins, etc.) and limited use of radio and television to carry out its objectives.

b) Organization

For the purposes of this component, the key organizational features of the Foundation are:

The General Assembly of individual and corporate members that will meet at least once a year to elect members to the Board of Directors and be informed of the Foundation's various activities.

The Board of Directors who will :

- o Establish foundation policy as to the types of research to be financed;
- o Approve the Research Program developed by the foundation staff;
- o Hire and fire the Executive Director;
- o Approve all major contracts for technical assistance or commodities;
- o Give final approval to all research projects;

- o Manage the Endowment Fund; and
- o Select an auditing firm acceptable to AID to conduct an annual audit of the Foundation's operations and endowment.

Operating committees of the Board will make many key decisions. The Executive Committee will be responsible for reviewing and approving all research proposals. An Endowment Committee will make most decisions regarding the financial management of the endowment fund.

The main functions of the ADF staff will be to:

- o Procure technical assistance and locally sourced commodities;
- o Develop and implement the approved research program;
- o Review and select appropriate research proposals for decision by Executive Committee;
- o Coordinate technical assistance (short, medium, and long-term) provided through the foundation;
- o Monitor field trials and other research activities;
- o Evaluate research results;
- o Maintain a source of technical information and ensure its distribution to users;
- o Coordinate training activities;
- o Maintain liaison and information exchanges with international agricultural research centers, universities, and other sources of information and technical expertise; and
- o Perform accounting and secretarial duties.

A listing of Foundation personnel and advisors and their functions is provided in Figure 1.

The endowment fund will be capitalized by private sector contributions and GODR owned local currency proceeds during the life of the project. The Foundation's Board of Directors will appoint three of its members to an Endowment Committee that will be responsible for managing the fund. Endowment funds will be invested in secure financial instruments, such as mortgage certificates, that will ensure maximum yields without risking the long-term viability of the fund.

Figure 2: Foundation Personnel and Functions

Personnel	Direct Hire or Contract	Functions
<u>Foundation Staff</u>		
Executive Director	DH	Manage Foundation, act as secretary at Board meetings, carry out public relations and fund raising activities, hire personnel, represent Foundation at official functions, oversee program formulation.
Scientist	DH	Supervise/monitor field trials and other research.
Ag. Economist	DH	Analyze proposals for economic/financial soundness, and analyze the economic impact of completed research.
Information Specialist	DH	Develop and administer information management and dissemination.
Financial Manager	DH	Maintain Foundation operating and grant accounts/liquidate advances.
3 Secretaries	DH	Receptionist and secretarial duties.
Driver/Messenger	DH	Chauffeur and messenger.
<u>Expatriate Technical Advisors</u>		
Senior Scientist/ Horticulturist	C	Responsible for developing and monitoring research program, and to review proposals and make recommendations to Executive Director. Provide foundation management expertise as needed by Executive Director. Implement fruit and vegetable program.
Research Methods Trainer	C	Conduct training courses locally for researchers.
Short-Term Specialists	C	Conduct management training program for ADF staff; provide technical expertise to researchers and agribusinesses.

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B. Inputs

1. A.I.D. Resources

Long-term Technical Assistance (US\$890,000): The project will provide a grant to finance long-term technical assistance to the Foundation. A total of 54 person-months of long-term technical assistance will be provided by a Senior Scientist specialized in horticultural research. The Senior Scientist will assist the Executive Director in the conceptualization and implementation of the Foundation's research program, and to provide guidance in the operation of a research foundation. This individual will have previous experience in the management and operation of a foundation or similar organization such as an international agricultural research center. The Senior Scientist will also have extensive experience in fruit and vegetable production research and will be responsible for developing and carrying out a program in this area that will enable the Foundation to have an early impact on several crops which are currently experiencing significant export growth. This person will also provide other guidance to the ADF by training staff, assisting in the coordination of training activities for local researchers and producers, and will help organize and participate in Foundation sponsored technical seminars and conferences.

Short-term Technical Assistance (US\$768,000): The AID grant will also provide funds for a total of 53 person-months of short-term advisors. A total of 37 person-months of this short-term technical assistance will be directed toward designing research trials for specific crops and rapidly responding to urgent production problems that present themselves. These advisors will be available on a short-term, quick-response basis. It is expected that the majority of these short-term consultancies will last no more than one or two weeks. Requests for longer term assistance will likely involve more direct participation by specialists in designing or supervising research, rather than short-term trouble shooting. In those cases, the agribusiness would be required to submit a formal research proposal to the Foundation. The ADF will provide the services of a research specialist to help in the design and monitoring of the proposed trial.

A total of 16 person-months of short-term technical assistance will be provided by a specialist in research methods who will conduct two basic research skills courses simultaneously in-country. In the mornings, classes would be offered in research design and controls, and in the evening in computer-based statistical analysis, for example. These courses will last 4 months each and will be given once a year beginning in the second year of the project.

Commodities (US\$132,500): A limited amount of commodities will be procured under the project for this component. These commodities will consist mostly of office equipment, furniture and supplies; 4 four-wheel drive vehicles; and micro-computers for word processing, research data analysis, and technical information management.

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The Foundation normally will not directly procure the various agricultural inputs and materials that will be used by researchers in foundation-financed field trials. These commodities will instead be purchased locally in small amounts as needed by the researchers, using their grant funds.

Training (US\$498,600): The project will finance short-term technical training for local researchers, and other individuals involved in technology development or utilization (i.e. growers). These training activities will be conducted in-country, in the U.S. and in other LAC countries. A total of 60 participants will receive the two technical courses given locally by the research methods trainer, described under technical assistance above. The Foundation's contractor will give the courses at one of the universities or research centers. The project will also finance observation/training trips to NTC production areas outside of the country for both local researchers and producers to expose them to the latest technology that is in use. An estimated 90 participants will take part in this training.

The Foundation will also organize, during the life of the project, a total of 4 technical seminars or conferences for researchers and producers to facilitate information exchanges and dissemination. It is expected that more than 120 individuals will take part in these events, and internationally recognized experts on specific production problems or technologies will be invited to inform participants of recent breakthroughs or possible avenues for investigation.

Foundation Operating Costs (US\$180,000) and Subgrants (US\$96,000): The initial operating costs and research subgrants of the Foundation will be financed by AID for a 1-1/2-year period when endowment earnings will be insufficient to cover these costs. The operating expenses to be financed include personnel and field research monitoring costs. A limited number of subgrants for research will be made. After this 1-1/2-year period, these expenses will be entirely funded by earnings from the endowment fund.

Audits and Evaluation (US\$70,000): The project will finance annual outside audits of the Foundation's operations and its endowment fund, and a mid-term evaluation of its management effectiveness and outputs. The Board of Directors of the ADF will select an independent audit firm acceptable to A.I.D. Annual audit reports will be provided to and approved by A.I.D.

2. Counterpart Resources*

Endowment Fund Capitalization (US\$5,194,000): Local currency equivalent of \$5,194,000 from GODR and local private sector contributions will be used to capitalize the Endowment Fund. The private sector contribution will be provided incrementally and will total not less than RD\$3,700,000 which at RD\$3.60 to US\$1.00 is equivalent to US\$1,027,778. The remaining peso contribution, equivalent to US\$4,166,222 will be contributed by the GODR.

* See footnote on Table 1

Foundation Operating Costs (US\$520,000) and Subgrants (US\$1,978,000):

These expenditures, totalling \$2,498,000, are financed by the estimated income from the endowment fund, which will be applied over the life of project to the Foundation's operations and research program. Research grant activity may have to be adjusted in accordance with the amounts of actual income earned.

C. Financial Plan

Table 1 on the following page shows the financial plan for this component of the project.

D. Methods of Implementation and Financing

Table 2, attached, shows the implementation methods that will be used, and the way funds will be administered for this component.

Table 1
 COMMERCIAL FARMING SYSTEMS: Agricultural Technology Development Component
 SUMMARY COST ESTIMATE AND FINANCIAL PLAN (US\$000)

Input	YEAR 1			YEAR 2			YEAR 3			YEAR 4			YEAR 5			TOTAL	
	FX	A.I.D. LC	CP LC	FX	A.I.D. LC	CP LC	FX	A.I.D. LC	CP LC	FX	A.I.D. LC	CP LC	FX	A.I.D. LC	CP LC	AID	Counter- part*
A. Long-Term T.A.	93			185			194			204			214			890	
B. Short-Term T.A.	65			163			172			180			188			768	
C. Commodities	105	28														133	
D. Training	27			54	64		54	64		54	63		54	64		498	
E. Endowment Fund																	
Capital			1,750			1,723			1,721								
F. Operating Costs		103			77	65			140								5,194
G. Research Grants		49			47	215			415			152			163	180	520
H. Audits		10			11							660			668	96	1,978
I. Evaluations								12			12			13		58	
								12								12	
Total	290	190	1,750	402	199	2,003	420	88	2,276	438	75	832	456	77	831	2,635	7,692

* NOTE: Counterpart contribution was converted to US\$ at RD\$3.60 = US\$1.00 for purposes of this table and the 25% contribution requirement is more than fully satisfied. However, the amount of pesos to be contributed by the CODR to the Endowment Fund may be subject to renegotiation during the life of the project if necessary to reflect changing economic conditions or project requirements at the time contributions are actually made.

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Table 2
 COMMERCIAL FARMING SYSTEMS: Agricultural Technology Development
 METHODS OF IMPLEMENTATION AND FINANCING
 (AID Inputs)

Type of Assistance	Implementation Method	Financing Method	Cost (US\$000)
A. Technical Assistance	AID Direct Contract*	Direct Reimbursement	1,658.00
B. Commodities			133.00
Vehicles	AID Direct P.O.	Direct Pay	70.00
Computers	AID Direct P.O. - GSA Sched.	Direct Pay	25.00
Off. Equipment	AID Direct P.O. - GSA Sched.	Direct Pay	10.00
Off./Furniture	Grant in aid or H.C. Proc.	N/A or Direct Reimb.	28.00
D. Training			498.00
In-Country	H.C. Contract	Direct Reimbursement	249.00
Overseas	Direct Placement/USAID	Direct Pay	243.00
Conferences	H.C. Contract	Direct Reimbursement	6.00
E. Operating Costs	H.C. Contract	Direct Reimbursement	180.00
F. Research Grants	H.C. Contract	Direct Reimbursement	96.00
H. Audits	H.C. Contract/Profit	Direct Reimbursement	58.00
I. Evaluation	AID Direct Contract/Profit	Direct Pay	12.00
SUBTOTAL			<u>2,635.00</u>

*May be either profit or non-profit, depending on responses to RFP.

ASSURANCE OF COMPLIANCE WITH THE AGENCY FOR
INTERNATIONAL DEVELOPMENT REGULATION UNDER TITLE VI
OF THE CIVIL RIGHTS ACT OF 1964

Agricultural Development Foundation (hereinafter called the "Grantee")
(Name of Grantee)

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

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

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

(Grantee)

BY(Signature)_____

TITLE_____

TYPED NAME_____

DATE_____

MANDATORY STANDARD PROVISIONS FOR
NON-U.S., NONGOVERNMENTAL GRANTEES¹

- | | |
|--------------------------------------|----------------------------------|
| 1. Allowable Costs | 7. Ineligible Countries |
| 2. Accounting, Audit, and
Records | 8. U.S. Officials Not to Benefit |
| 3. Refunds | 9. Nonliability |
| 4. Revision of Grant Budget | 10. Amendment |
| 5. Termination and Suspension | 11. Notices |
| 6. Disputes | |

1. ALLOWABLE COSTS (MAY 1986)

(a) 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 applicable* cost principles in effect on the date of this grant, which are attached.

(1) 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.

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

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

(4) 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. Additionally, public information service costs are unallowable as indirect costs.

(b) 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: For educational institutions use OMB Circular A-21; for all other non-profit organizations use OMB Circular A-122; and for profit making firms use Federal Acquisition Regulation 31.2. and AID Acquisition Regulation 731.2.

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."

2. ACCOUNTING, AUDIT, AND RECORDS (MAY 1986)

(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. Accounting records that are supported by documentation will as a minimum accumulate and record all costs incurred under a grant and disclose the amount of that portion of the cost of the project supplied by other sources. The grantee records and subgrantee records which pertain to this grant shall be retained for a period of three years from the date of expiration of this grant and may be audited by AID and/or its representatives..

(b) The grantee agrees to have the funds provided under the grant audited by an independent auditor during the course of the grantee's normal annual audit of the grantee's organization. Copies of the grantee's audit reports will be provided to AID. AID will review the audit reports to determine the adequacy of audit coverage. If AID determines that the audit coverage is not sufficient to verify the source and application of grant funds or that the audit does not meet the requirements of an independent audit, a second audit will be performed by AID.

(c) The following language shall be inserted in all subgrants valued in excess of \$10,000.

(1) 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. These records shall be maintained for three years after final payment. These records may be audited by the grantor's representatives.

(2) The grantee agrees to have the funds provided under this grant audited by an independent auditor during the course of the grantee's normal annual audit of the grantee's organization. Copies of the grantee's audit reports will be provided to the grantor. If the audit coverage is not sufficient to verify the source and application of grant funds or the audit does not meet the requirements of an independent audit, a second audit will be requested of the grantee and that audit shall meet the requirements of the grantor.

3. REFUNDS (MAY 1986)

(a) The grantee shall remit to AID all interest earned on funds provided by AID.

(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 advanced to but not expended by the grantee at the time of expiration or termination of the grant shall be refunded to AID except for such funds encumbered by the grantee by a legally binding transaction applicable to this grant.

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(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 (MAY 1986)

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

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

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

(2) Additional funding is needed.

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

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

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

(c) Except as required by other provisions of this grant specifically stated to be an exception from this provision, the Government shall not be obligated to reimburse the grantee for costs incurred in excess of the total amount obligated under the grant. The grantee shall not be obligated to continue performance under the grant (including actions under the "Termination and Suspension" 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 (MAY 1986)

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

(d) 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.

6. DISPUTES (NOVEMBER 1965)

(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 (MAY 1986)

Unless otherwise approved by the AID grant officer, funds will only be expended for assistance to countries eligible for assistance under the Foreign Assistance Act of 1961, as amended, or under acts appropriating funds for foreign assistance.

8. U.S OFFICIALS NOT TO BENEFIT (NOVEMBER 1985)

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.

9. NONLIABILITY (NOVEMBER 1985)

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

10. AMENDMENT (NOVEMBER 1985)

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.

11. NOTICES (NOVEMBER 1985)

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.

(END OF MANDATORY STANDARD PROVISIONS)

REQUIRED AS APPLICABLE STANDARD PROVISIONS FOR
NON-U.S., NON GOVERNMENTAL GRANTEE

The following standard provisions have been determined to be applicable to this grant and are included as an integral part of same,

1. Payment - Periodic Advance
2. Air Travel and Transportation
3. Ocean Shipment of Goods
4. Procurement of Goods and Services
5. AID Eligibility Rules for Goods and Services
6. Subagreements
7. Local Cost Financing
8. Publications
9. Nondiscrimination
10. Regulations Governing Employees
11. Participant Training
12. Title To and Use of Property (Grantee Title)
13. Cost Sharing (Matching)

PAYMENT - PERIODIC ADVANCE (NOVEMBER 1985)

(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. CFCSS cash advance available during this reporting period (Lines 1, 2, & 3)..... \$ _____
5. LESS, interest credited 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.

DATE _____ BY _____
TITLE _____

(END OF SIGNMENT PROVISIONS)

AIR TRAVEL AND TRANSPORTATION (MAY 1986)

(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 SF 1169, 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 U.S. 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 U.S. and/or its territories and one or more foreign countries.
- (d) Use of foreign air carrier service may be deemed necessary if a U.S. flag air carrier cannot provide the foreign air transportation needed, or if use of such service will not accomplish the agency's mission. Travel and transportation on non-free world air carriers are not reimbursable under this grant.
- (e) U.S. flag air carrier service is considered available even though:
- (1) Comparable or a different kind of service can be provided at less cost by a foreign air carrier;
 - (2) Foreign air carrier service is preferred by or is more convenient for the agency or traveler; or
 - (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 U.S. 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 U.S. 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 U.S. 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 U.S., 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 U.S.; 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. air flag carriers for international transportation, the grantee will include a certification on vouchers involving such transportation which is essentially as follows:

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

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

(1) International Travel

(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.

(END OF STANDARD PROVISION)

OCEAN SHIPMENT OF GOODS (MAY 1986)

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

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

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

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

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

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

(END OF STANDARD PROVISION)

PROCUREMENT OF GOODS AND SERVICES (MAY 1986)

(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 "AID Eligibility Rules For 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. Conflict of interest situations involving employees, officers or agents or their immediate families shall be avoided. 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, or requests for proposals should be excluded from competing for such procurements. Awards shall be made to the offeror whose 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 offeror must fulfill in order to be evaluated by the recipient. Any and all 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 items.

(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.

(iii) Positive efforts shall be made by the recipients to utilize U.S. 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. The grantees 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 or proposals; and

(C) Address where solicitations and 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. In those instances where a cost type contract authorizes a fee, a fixed amount will be used in lieu of a percentage of cost.

(v) Contracts shall be made only to responsible contractors who possess the potential ability to perform successfully under the terms and conditions of a proposed contract. Consideration shall be given to such matters as integrity, record of past performance, financial and technical resources or accessibility to other necessary resources. Contracts shall not be made to firms or individuals whose name appears on the AID Consolidated List of Debarred, Suspended, and Ineligible Parties. AID will provide the grantees with a copy of this list upon request.

(vi) All proposed sole source contracts or where only one proposal is received in which the aggregate expenditure is expected to exceed \$10,000 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, and market prices, together with discounts. Cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability and allowability.

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

(1) Basis for contractor selection;

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

(C) Basis for award: cost or price.

(ix) 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 and subcontract shall contain in addition to provisions to define a sound and complete contract, 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 AID 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) All negotiated contracts over \$10,000 awarded by recipients shall include a provision to the effect that the recipient, AID or 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.

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

(5) 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.

(END OF STANDARD PROVISIONS)

AID ELIGIBILITY RULES FOR GOODS AND SERVICES (MAY 1986)

(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 goods or services furnished by any firm or individual whose name appears on AID's Consolidated List of Debarred, Suspended or Ineligible Awardes (AID Regulation 3 (22 CFR 203)). AID will provide the grantee with this list upon request.

(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) Tissue compounding chemicals and plasticizers,

- (vi) Used equipment,
- (vii) U.S. Government-owned excess property, or
- (viii) Fertilizer.

(b) Source, Origin, and Nationality: The eligibility rules for goods and services are based on source, origin, and nationality and are divided into the two categories. One applies when the total procurement during the life of the grant is over \$250,000 and the other applies when the total procurement element during the life of the grant is not over \$250,000. 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 U.S. 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)(i) 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 U.S. dollars, shall be procured in and shipped from the U.S. (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 premium is made to and 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 U.S., then any AID-financed commodity shipped to that country shall be insured against marine risk and the insurance shall be placed in the U.S. with a company or companies authorized to do marine insurance business in the U.S.

(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) The United States (AID Geographic code 000),
- (2) The Cooperating Country,
- (3) Selected Free World countries (AID Geographic Code 941),
- (4) Free World countries (AID Geographic Code 899).

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

(END OF STANDARD PROVISION)

LOCAL COST FINANCING (MAY 1986)

(This provision applies only when local costs are authorized by the grant, and must be used with the standard provision entitled "Procurement of Goods and Services.")

(a) Costs qualifying as local costs are eligible for financing under the grant in accordance with the terms of this standard provision. Local costs are defined as (1) indigenous goods, (2) imported shelf items, and (3) services provided by suppliers meeting the requirements contained in subparagraph (b). Indigenous goods are those that have been mined, grown or produced in the cooperating country through manufacture, processing or assembly. In the case of produced goods containing imported components, to qualify as indigenous a commercially recognized new commodity must result that is substantially different in basic characteristics or in purpose or utility from its components. Imported shelf items are goods that are normally imported and kept in stock, in the form in which imported, for sale to meet a general demand in the country for the item.

Imported shelf items are eligible in unlimited quantities if they have their origin in a country included in AID Geographic Code 941. Imported shelf items having their origin in any country included in Code 899 but not in Code 941 are eligible if the price of one unit does not exceed \$5,000. For goods sold by units of quantities; e.g., tons, barrels, etc., the unit to which the local currency equivalent of \$5,000 is applied is that which is customarily used in quoting prices. The total amount of imported shelf items purchased from countries included in Code 899 but not in Code 941 may not exceed \$25,000 or 10% of the total local costs financed by AID for the grant, whichever is higher; however, in no case may the total amount of such purchases exceed \$250,000 without first obtaining a specific geographic source waiver. Imported shelf items produced in or imported from countries not included in Geographic Code 899 are ineligible for AID financing.

(b) To qualify as local costs, goods and services must also meet the following additional requirements:

- (1) They must be paid for in local currency.
- (2) They must not be specifically imported for this grant.
- (3) The supplier must be located in the cooperating country and must be of cooperating country nationality as defined in AID Handbook 1B, Chapter 5.
- (4) Any component from a country not included in AID geographic code 935 renders a commodity ineligible for financing.

(c) Ineligible Goods and Services: Under no circumstances shall the grantee procure any of the following under this grant:

SUBAGREEMENTS (MAY 1986)

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

(a) Awards shall be made only with responsible recipients who possess the potential ability to perform successfully under the terms and conditions of a proposed agreement. Consideration shall be given to such matters as integrity, record of past performance, financial and technical resources or accessibility to other necessary resources. Awards shall not be made to firms or individuals whose name appears on the AID Consolidated List of Debarred, Suspended, and Ineligible Awardees. AID will provide the grantee with a copy of this list upon request.

(b) All subagreements shall as a minimum contain in addition to provisions to define a sound and complete agreement, the following provisions as well as any that are specifically required by any other 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 AID is mentioned, the grantee's name will be substituted.

(1) 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.

(2) All subagreements 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 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.

(3) All subagreements over \$10,000 issued by recipients shall include a provision to the effect that the recipient, AID, or 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.

(4) 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.

(END OF STANDARD PROVISION)

- (1) Military equipment,
- (2) Surveillance equipment,
- (3) Commodities and services for support of police or other law enforcement activities,
- (4) Abortion equipment and services,
- (5) Luxury goods and gambling equipment, or
- (6) Weather modification equipment.

(d) Ineligible Suppliers: Funds provided under this grant shall not be used to procure any goods or services furnished by any firm or individual whose name appears on AID's Consolidated List of Debarred, Suspended, or Ineligible Awardees (AID Regulation 8, (22 CFR 208)). AID will provide the grantees with this list upon request.

(e) Restricted Goods: The grantees shall not procure any of the following goods and services without the prior written authorization of the grant officer:

- (1) Agricultural commodities,
- (2) Motor vehicles,
- (3) Pharmaceuticals,
- (4) Pesticides,
- (5) Rubber compounding chemicals and plasticizers,
- (6) Used equipment,
- (7) U.S. Government-owned excess property, or
- (8) Fertilizer.

(f) IF AID determines that the grantee has procured any of the restricted or ineligible goods and services specified in subparagraphs (c) through (e) above, or 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.

(END OF STANDARD PROVISION)

PUBLICATIONS (MAY 1986)

(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 unless the schedule of the grant has identified the profits or royalties as program income.
- (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.

(END OF STANDARD PROVISION)

NONDISCRIMINATION IN FEDERAL ASSISTED PROGRAMS (MAY 1986)

(This provision is applicable when work under the grant is performed in the United States or when employees are recruited in the United States.)

No U.S. citizen or legal resident 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.

(END OF STANDARD PROVISION)

REGULATIONS GOVERNING EMPLOYEES (MAY 1986)

(The following applies to the grantee's 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 is assigned by the grantee, no employee of the grantee shall engage directly or indirectly, either in the individual's own name or in the name or through an agency of another person, in any business, profession, or occupation in the foreign countries to which the individual is assigned, nor shall the individual make loans or investments to or in any business, profession or occupation in the foreign countries to which the individual is assigned.

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

(e) In the event the conduct of any grantee employee is not in accordance with the preceding 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 (a) 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.

(END OF STANDARD PROVISION)

PARTICIPANT TRAINING (MAY 1986)

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

(a) Definitions: A participant is any non-U.S. individual being trained under this grant outside of that individual's home country.

(b) Application of Handbook 10: Participant training under this grant is to be conducted according to the policies established in AID Handbook 10, Participant Training, except to the extent that specific exceptions to Handbook 10 have been provided in this grant with the concurrence of the Office of International Training. (Handbook 10 may be obtained by submitting a request to the grant officer.) Except for paragraph (h) on orientation, the following paragraphs in this standard provision are not subject to waiver except as specifically stated.

(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.

The grantee shall fill out form AID 1381-4 entitled "Participant Data" and send it to the addresses indicated on the back of the form. The grantee can obtain a supply of these forms and additional instructions for completing them from the grant officer. Data should be submitted prior to the initiation of participant travel. If this is not possible, the forms should be prepared and submitted immediately after arrival of the participant(s). The grantee shall also submit to the grant officer a blue copy of the form when subsequent changes in the participant's training program are made and at termination of the participant's training program, ensuring that the original participant number (pre-printed on the form) is used.

(d) Visa Requirements For Training Within The United States:

(1) 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. The Mission retains one copy of the IAP-66A and forwards one copy to AID/S&T/IT.

(3) Holders of J-1 visas are subject to the Immigration and Nationality Act, as amended, and may not apply for an immigrant or an H or L 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 U.S. in AID's HAC Program. HAC Program coverage for an enrolled participant begins at the moment of departure from the host country to the U.S. until the moment of return to the host country providing, however, that there is not substantial unapproved delay between completion of training under this grant and their return, and that there is no layover at any point to or from the U.S. except the minimal amount necessary for plane connections.

(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 6 below), in accordance with the standard coverage established by AID under the HAC Program.

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

(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 U.S. 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 U.S.: 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 (202-647-1512) 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 U.S. through liaison with the National Council for International Visitors (NCTIV). If the Washington orientation is determined not to be feasible, 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 NCTIV through S&T/IT.

(END OF STANDARD PROVISION)

Standard Provision No. 12

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".

(END OF STANDARD PROVISION)

TITLE TO AND USE OF PROPERTY (GRANTEE TITLE) (MAY 1986)

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

- (a) Title to all property financed under this grant shall vest in the grantee.
- (b) The grantee agrees to use and maintain the property for the purposes of the grant.
- (c) With respect to property having an acquired value of \$1,000 or more, the grantee agrees to report such items to the grant officer as they are acquired and to maintain a control system which will permit their ready identification and location.
- (d) Within thirty calendar days after the end of the grant, the grantee will provide a list to the grant officer of each item that has an appraised value of \$1,000 or more with a detailed proposal of what the grantee intends to do with that property. If the grant officer does not respond within 120 calendar days, the grantee may proceed with the disposition of the property. However, if the grantee uses the property for purposes other than those of the grant or sells or leases the property, AID shall be reimbursed for its share of the property unless the grant officer authorizes AID's share of the income from selling or leasing the property to be used as program income. This share is based upon the percentage of AID's contribution to the grantee's program. If AID paid 100% of the grantee's costs, then AID would receive 100% of the selling cost less a nominal selling fee of \$100.

(END OF STANDARD PROVISION)

COST SHARING (MATCHING) (MAY 1986)

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

(k) Notwithstanding 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.

(END OF STANDARD PROVISION)

(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 and Suspension".

(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".