



UNITED STATES OF AMERICA  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
REGIONAL DEVELOPMENT OFFICE/CARIBBEAN

P. O. BOX 302  
BRIDGETOWN  
BARBADOS

April 18, 1985

Mr. Edward Marascuilo  
Executive Vice President  
Pan American Development Foundation  
1889 F Street, N.W.  
Washington, D.C. 20006  
UNITED STATES OF AMERICA

SUBJECT: Grant No. 538-0136  
National Development  
Foundations Assistance

*EE*  
Dear Mr. Marascuilo:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "AID" or "Grantor") hereby grants to the Pan American Development Foundation (hereinafter referred to as "PADF" or "Grantee") the sum of \$520,000 to provide support for a program that promotes the development of small/micro-businesses in participating Caribbean countries<sup>1/</sup> as more fully described in Attachment II to this Grant entitled "Program Description" and in the approved proposal dated March 27, 1985 submitted by PADF.

This grant is effective and obligation is made as of the date of this letter, and shall apply to commitments made by the Grantee in furtherance of program objectives within the terms of the Grant Agreement during the period January 1, 1985 through December 31, 1985, the final date by which all goods and services under the aforesaid commitments shall be completed and/or delivered. No commitments made by the Grantee shall extend beyond December 31, 1985.

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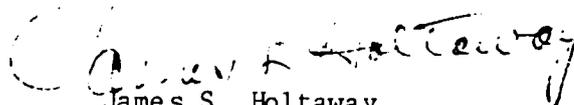
<sup>1/</sup> Antigua, Barbados, St. Lucia, St. Vincent and the Grenadines, St. Kitts-Nevis.

This Grant is made to PADF on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment I entitled "The Schedule", Attachment II entitled "Program Description", Attachment III entitled "Standard Provisions" and Attachment IV entitled "Statement of Assurance", which have been agreed to by your organization.

Please sign the Statement of Assurance of Compliance, enclosed herein, and the original and three (3) copies of this letter to acknowledge your acceptance of the conditions under which these funds have been granted.

Please return to this office the Statement of Assurance of Compliance and the original and three (3) copies of this letter.

Yours sincerely,

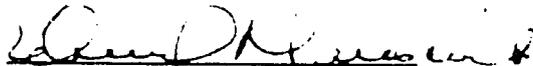
  
James S. Holtaway  
Director

ATTACHMENTS:

- I. The Schedule
- II. Program Description
- III. Standard Provisions
- IV. Statement of Assurance of Compliance

ACCEPTED:

PAN-AMERICAN DEVELOPMENT FOUNDATION

BY:   
Edward Marascuilo

TITLE: Executive Vice President

FISCAL DATA

Appropriation	: <u>72-1151021.3(ARDN)</u>	<u>72-1151021.6 (SD)</u>
Budget Allowance	: <u>LDAA85-25538-AG13</u>	<u>LDAA85-25538-DG13</u>
Project Number	: <u>538-0136</u>	
Total Grant Amount:	<u>\$520,000</u>	

ATTACHMENT I

THE SCHEDULE

A. Purpose

The purpose of this grant is to provide support for a program to stimulate income and employment generation and broaden the entrepreneurial base in participating countries by promoting the development of small/micro businesses in these countries.

B. Period of Grant

1. The effective date of this Grant is January 1, 1985. The expiration date of this project, hereinafter referred to as the "Project Assistance Completion Date" or PACD is December 31, 1985.
2. Funds obligated hereunder are available for program expenditure for the estimated period January 1, 1985 to December 31, 1985 as shown in the Financial Plan below.

C. Amount of Grant and Payment

1. The total amount of this Grant for the period shown in B.1 above is \$520,000 (Five Hundred and Twenty Thousand United States Dollars).
2. AID hereby obligates the amount of \$520,000 (Five Hundred and Twenty Thousand United States Dollars) for program expenditure over the estimated period set forth in B.2 above.
3. Payment shall be made to the Grantee in accordance with procedures set forth in Attachment A to the Standard Provisions entitled "Payment-Letter of Credit". This Grant is funded by AID Regional Development Office/Caribbean, Bridgetown, Barbados and therefore in compliance with Attachment A Reporting, para (c) (1), an information copy of all SF269s must be sent to this office.

D. Financial Plan

The funds herein shall be used to finance items as per the Financial Plan shown below and further described in the Project Budget in Attachment II, Section D. Within the total grant amount, a fifteen percent (15%) adjustment among individual line item categories 1, 2, and 3 in the Financial Plan is hereby permitted without AID approval. Any adjustment among the line items which exceeds fifteen percent (15%) must be approved in advance by the AID Project Officer, and in accordance with procedures set forth in Attachment III, Standard Provision 6 entitled "Revision of Financial Plan".

<u>LINE ITEMS</u>	<u>FINANCIAL PLAN</u>	<u>US\$000</u>	<u>TOTAL</u>
1. Administration			60
2. Training/ Counselling			40
3. Commodities			30
4. Revolving Loan/ Guarantee Fund			330
5. Project Officer			60
			<u>\$520</u>

\$460,000 of these funds shall be passed to the participating foundations.

E. Reporting

1. The Grantee shall submit to USAID, within 30 days of the close of each period quarterly reports concerning progress in the implementation of the Grant program and full financial information. The Reports shall contain the following:
  - a. A schedule of loans showing cumulative approvals, cumulative disbursements, classification of loans by activity, and number of new jobs created.
  - b. A description of technical assistance provided to specific projects.

F. Special Provisions

1. PADF shall continue to provide technical support to the participating Foundations, and in particular training of their Extension Agents.
2. Prior to purchase of any project financed commodities, or services, the Grantee will ensure that procurement procedures have been followed, as described in Attachment III, Standard Provision 10A entitled "Procurement of Goods and Services under \$250,000".
3. Prior to disbursing funds to the respective NDFs, they shall have satisfied the pre-conditions set out in the approved proposal dated March 27, 1985.
4. Prior to disbursement to the individual foundations for commodities the Grantee shall submit for AID approval a detailed listing of the items required by each Foundation.
5. Credit funds shall be deposited by the respective NDFs in Revolving Loan Funds/ Guarantee Funds established in separate bank accounts which shall not be mingled with other funds or accounts.

In the event such a deposit generates interest, such interest shall remain in the account and not be withdrawn, and shall be refunded to AID annually supported by photo copies of the deposit account statements for the entire period.

Interest accruing from the loan principal repayments shall be deposited in the Revolving Loan Funds for future loan reflows and the Foundations' administrative costs.

6. Loans provided from the Funds shall not exceed US\$7,500.
7. The Funds may provide loans to purchase equipment or raw materials and to finance working capital and establishment costs.
8. Standard Provisions 13B, 13C, 16, 17 and 18 shall not be applicable.

H. Overhead Rate

1. The most current overhead rate for PADF is 36 percent of home office and technical assistance salaries based on an evaluation by the Special Cost Bureau, O.M.B. conducted in accordance with Circular A-122 of the U.S. Office of Management and Budget. It is understood that this is a provisional rate, and that final overhead rates shall be established for each of the Grantee's accounting periods in accordance with Attachment III, Standard Provisions 5B.

I. Title to Property

Title to property will be vested with the participating Foundations.

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ATTACHMENT II

PROGRAM DESCRIPTION

A. GOAL AND PURPOSE

The goal of this project is to strengthen indigenous private sector organizations whose programs will have an immediate impact on small enterprise development and employment.

The purpose of this Grant is to provide support for a program to stimulate income and employment generation and broaden the entrepreneurial base in participating countries by promoting the development of small/micro businesses in these countries.

B. The specific objectives of this Grant are as follows:

1. To provide resources for a system of credit for potentially viable small productive businesses which have limited or no access to assistance from traditional credit sources.
2. To create a more productive and vibrant small business sector in the participating countries.
3. To improve the managerial and technical business skills of small entrepreneurial groups and individuals.
4. To increase individual earnings and employment for marginal entrepreneurial groups.
5. To encourage and facilitate greater collaboration between the more established businesses and micro businesses for expansion of the private sector.

C. IMPLEMENTATION

To achieve the above objectives, the Grantee shall assist participating NDFs to carry out the following activities with funds provided by this grant:

1. Establish and administer Revolving Loan Funds/Guarantee Funds within the Commercial Banking System to provide capital for micro businesses in their respective countries.
2. Hire nationals to work as small business extension agents who will provide advisory services and training to entrepreneurs in production, marketing, accounting and small business management.

D. BUDGET	(\$000's)					Sources			TOTAL
	AID	IAF	PADF	CIDA	FIT	NDF	OTHER		
<u>Barbados</u>									
1. NDF Administration	10	-	-	10	-	23	-	43	14
2. NDF Trng./ Consultation	10	-	5	17	-	-	-	32	31
3. NDF Commodities	5	-	-	-	-	6	-	11	29
4. NDF Revolving Loan/ Guarantee Fund	<u>85</u>	-	-	-	-	-	<u>65</u>	<u>150</u>	
Sub-total	110	-	5	27	-	29	65	236	301
<u>St. Lucia</u>									
1. NDF Administration	-	-	-	-	8	-	28	36	
2. NDF Trng./ Consultation	10	6	-	-	19	8	2	45	
3. NDF Commodities	10	-	-	-	-	-	10	20	
4. NDF Revolving Loan/ Guarantee Fund	<u>60</u>	<u>40</u>	-	-	-	-	<u>53</u>	<u>153</u>	
Sub-total	80	46	-	-	27	8	93	254	
<u>St. Vincent</u>									
1. NDF Administration	10	-	-	-	10	15	-	35	
2. NDF Trng./ Consultation	-	10	-	-	15	-	-	25	
3. NDF Commodities	15	-	-	-	-	-	-	15	
4. NDF Revolving Loan/ Guarantee Fund	<u>85</u>	<u>53</u>	-	23	-	-	<u>14</u>	<u>175</u>	
Sub-total	110	63	-	23	25	15	14	250	
<u>Antigua</u>									
1. NDF Administration	20	-	-	-	-	16	4	40	
2. NDF Trng./ Consultation	10	-	7	-	6	-	2	25	
3. NDF Commodities	-	-	-	-	6	-	4	10	
4. NDF Revolving Loan/ Guarantee Fund	<u>50</u>	-	<u>18</u>	-	-	-	<u>2</u>	<u>70</u>	
Sub-total	80	-	25	-	12	16	12	145	
<u>St. Kitts</u>									
1. NDF Administration	20	-	-	-	-	18	2	40	
2. NDF Trng./ Consultation	10	-	5	-	6	-	4	25	
3. NDF Commodities	-	-	-	-	6	-	4	10	
4. NDF Revolving Loan/ Guarantee Fund	<u>50</u>	-	<u>7</u>	-	-	-	<u>3</u>	<u>60</u>	
Sub-total	80	-	12	-	12	18	13	135	

PADF Project Officer

1. Salary	30							30	
2. Benefits	7.5							7.5	
3. Air Travel (6x\$600)	3.6							3.6	
4. Per Diem(6/tripsx\$600)	3.6							3.6	
5. Transportation	0.3							0.3	
6. Overhead	<u>15</u>							<u>15</u>	
Sub-Total	60							60	
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Grand Total	520	109	42	50	76	86	197	1,080	
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7A. Payment - Letter of Credit (AUGUST 1964)

(This provision is applicable only when the following conditions are met: (i) the total advances under all the grantee's cost-reimbursement contracts and assistance instruments with AID exceed \$120,000 per annum, (ii) AID has, or expects to have, a continuing relationship with the grantee (or at least one year; (iii) the grantee has the ability to maintain procedures that will minimize the time elapsing between the transfer of funds and the disbursement thereof; (iv) the grantee's financial management system meets the standards for fund control and accountability required under the standard provision of this grant, entitled "Accounting, Audit, and Records" and, either (v) the foreign currency portion of the total advance under this grant is less than 50% or (vi) the foreign currency portion of the total advance under this grant is more than 50% but more than one foreign currency country is involved.)

(a) Payment under this grant shall be by means of a Letter of Credit (LOC) in accordance with the terms and conditions of the LOC and any instructions issued by AID's Office of Financial Management, Program Accounting and Finance Division (M/PM/PAPD).

(b) As long as the LOC is in effect, the terms and conditions of the LOC and any instructions issued by M/PM/PAPD constitute payment conditions of this grant, superseding and taking precedence over any other provision of this grant concerning payment.

## (c) Reporting:

(1) A "Financial Status Report" SF-269, shall be prepared on an accrual basis and submitted quarterly no later than 30 days after the end of the period, in an original and two copies to AID/M/PM/PAPD, Washington, D.C. 20523. If the grantee's accounting records are not normally kept on the accrual basis, the grantee shall not be required to convert its accounting system, but shall develop such accrual information through best estimates based on an analysis of the documentation on hand. The final report must be submitted within 90 days after the conclusion of the grant to M/PM/PAPD. In cases where grants are Mission funded, the Grantee will forward an information copy to the AID Mission accounting station at the same time the original and one copy are mailed to M/PM/PAPD, AID/Washington.

(2) The grantee shall submit an original and one copy of SF-272, "Federal Cash Transactions Report," within 15 working days following the end of each quarter to M/PM/PAPD. Grantees receiving advances totaling more than \$1 million per year shall submit the SF-272 on a monthly basis within 15 working days following the close of the month. Grantees shall report all cash advances in the Remarks section of SF-272. Those cash advances in excess of immediate disbursement requirements in the hands of subrecipients or the grantee's field organizations shall be supported by short narrative explanations of action taken by the grantee to reduce the excess balances.

(d) Revocation of the LOC is at the discretion of the authorized LOC certifying officer of M/PM/PAPD after consultation with the grant officer. Notification of revocation must be in writing and must specify the reason for revocation. PM/PAPD shall provide the grant officer a copy of the revocation notice and a recommendation for an alternative method of payment (periodic advance or cost reimbursement) based upon the reasons for the revocation. The grant officer shall immediately amend this agreement to provide for an appropriate alternative method of payment. The recipient may appeal any such revocation to the grant officer.

3. AIR TRAVEL AND TRANSPORTATION (OCTOBER 1984)

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

(a) The grantee is required to present to the project officer for written approval an itinerary for each planned international trip financed by this grant, which shows the name of the traveler, purpose of the trip, origin/destination (and intervening stops), and dates of travel, as far in advance of the proposed travel as possible, not in no event at least 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 U.S. Mission or Embassy, 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 U.S. Government S.F. 1169, Transportation Request (GTR) which the grantee may exchange for tickets, or AID will issue the tickets directly. Use of such U.S.-owned currencies will constitute a dollar charge to this grant.

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

(d) Use of foreign air carrier service may be deemed necessary if a U.S. flag air carrier otherwise available 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 United States being performed by foreign air carrier:

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

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

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

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

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

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

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

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

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

3. Where the travel is not part of a trip to or from the United States, if the use of a U.S. flag air carrier would extend the time in a travel status by at least six hours more than travel by foreign air carrier including delay at origin, delay enroute and accelerated arrival at destination.

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

(j) Nothing in the above-guidelines shall preclude and no penalty shall attend the use of a foreign air carrier which provides transportation under an air transport agreement between the United States and a foreign government, the terms of which are consistent with the international aviation policy goals set forth at 49 U.S.C. 1302(b) and provide reciprocal rights and benefits.

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

## CERTIFICATION OF UNAVAILABILITY OF U.S. FLAG AIR CARRIER

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

(1) International Travel

(i) As used herein, the term "international travel" means travel to all countries other than those within the home country of the traveler. Travel outside the United States includes travel to the U.S. Trust Territories of the Pacific Islands.

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

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

9. OCEAN SHIPMENT OF GOODS (OCTOBER 1984)

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

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

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

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

(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."

(e) Shipments by voluntary nonprofit relief agencies (i.e., PVOs) shall be governed by this standard provision and by AID Regulation 2, "Overseas Shipments of Supplies by Voluntary Nonprofit Relief Agencies (22 CFR 202).

Best Available Document

## Procurement of Goods and Services Over \$250,000

"(d) Nationality. Except as specified in paragraph (c) of this provision, in order to be eligible for AID financing under this grant, suppliers, contractors, or subcontractors must fit one of the following categories:

(1) Suppliers of commodities. A supplier providing goods under this grant must fit one of the following categories for the costs of such goods to be eligible for AID financing:

(i) An individual who is a citizen or, except as provided in paragraph (d)(7) of this clause, a legal resident of a country or area included in the authorized geographic code;

(ii) A corporation or partnership organized under the laws of a country or area included in the authorized geographic code;

(iii) A controlled foreign corporation, i.e., any foreign corporation of which more than 50 percent of the total combined voting power of all classes of stock is owned by United States shareholders within the meaning of Section 937 or seq. of the Internal Revenue Code, 26 U.S.C. 937; or

(iv) A joint venture or unincorporated association consisting entirely of individuals, corporations, or partnerships which are eligible under any of the foregoing categories.

(2) Privately owned commercial suppliers of services. An individual or a privately owned commercial firm is eligible for financing by AID under this grant as a contractor providing services only if the criteria in paragraphs (d)(2)(i), (ii), or (iii) of this provision are met and, in the case of the categories described in paragraphs (d)(2)(ii) and (iii), the certification requirements in paragraph (d)(2)(iv) are met.

(i) The supplier is an individual who is a citizen of and whose principal place of business is in a country or area included in the authorized geographic code or a non-U.S. citizen lawfully admitted for permanent residence in the United States whose principal place of business is in the United States;

(ii) The supplier is a privately owned commercial (i.e., for profit) corporation or partnership that is incorporated or legally organized under the laws of a country or area included in the authorized geographic code, has its principal place of business in a country or area included in the authorized geographic code, and meets the criteria set forth in either subparagraph (A) or (B) below:

(A) The corporation or partnership is more than 50% beneficially owned by individuals who are citizens of a country or area included in the authorized geographic code. In the case of corporations, "more than 50% beneficially owned" means that more than 50% of each class of stock is owned by such individuals; in the case of partnerships, "more than 50% beneficially owned" means that more than 50% of each category of partnership interest (e.g., general, limited) is owned by such individuals. (With respect to stock or interest held by companies, funds or institutions, the ultimate beneficial ownership by individuals is controlling.)

(B) The corporation or partnership:

(1) has been incorporated or legally organized in the United States for more than 3 years prior to the issuance date of the invitation for bids or request for proposals, and

(2) has performed within the United States similar administrative and technical, professional, or construction services under a contract or contracts for services and derived revenue therefrom in each of the 3 years prior to the issuance date of the invitation for bids or request for proposals, and

(3) employs United States citizens in more than half its permanent full-time positions in the United States, and

(4) has the existing capability in the United States to perform the contract.

(iii) The supplier is a joint venture or unincorporated association consisting entirely of individuals, corporations, partnerships, or nonprofit organizations which are eligible under paragraphs (d)(2)(i), (d)(2)(ii), or (d)(3) of this provision.

(iv) A duly authorized officer of a firm or nonprofit organization shall certify that the participating firm or nonprofit organization meets either the requirements of paragraphs (d)(2)(ii)(A), (d)(2)(ii)(B), or (d)(3) of this clause. In the case of corporations, the certifying officer shall be the corporate secretary. With respect to the requirements of paragraph (d)(2)(ii)(A), the certifying officer may procure citizenship on the basis of the stockholder's record address, provided the certifying officer certifies, regarding any stockholder (including any corporate fund or institutional stockholder) whose holdings are material to the corporation's eligibility, that the certifying officer knows of no fact which might rebut that presumption.

(3) Nonprofit organizations. Nonprofit organizations, such as educational institutions, foundations, and associations, are eligible for financing by AID under this grant as contractors for services if they meet all of the criteria listed in paragraphs (d)(2)(i), (ii), and (iii) below, and the certification requirement in paragraph (d)(2)(iv) of this clause is met. (International agricultural research centers and such other international research centers as may be, from time to time, formally listed as such by the Senior Assistant Administrator, Bureau for Science and Technology, are considered to be of U.S. nationality for purposes of this provision.) Any such organizations must:

(i) be organized under the laws of a country or area included in the authorized geographic code; and

(ii) be controlled and managed by a governing body, a majority of whose members are citizens of countries or areas included in the authorized geographic code; and

(iii) have its principal facilities and offices in a country or area included in the authorized geographic code.

(4) Government-owned organizations. Except as may be specifically approved in advance by the Grant Officer (firm operated as commercial companies or other organizations (including nonprofit organizations other than public educational institutions) which are wholly or partially owned by governments or agencies thereof are not eligible for financing by AID under this grant as contractors.

(5) Joint ventures. A joint venture or unincorporated association is eligible only if each of its members is eligible in accordance with paragraphs (d)(2), (3), or (4) of this clause.

(6) Construction services from local firms. When the host country is an underdeveloped country, and the estimated cost of the construction services is \$5 million or less, a corporation or partnership may be determined by AID to be an integral part of the local economy in accordance with AID Handbook 18, Chapter 5, Paragraph 503, is eligible.

(7) Ineligible suppliers. Citizens of any country or area, and firms and organizations located in or organized under the laws of any country or area, which is not included in Geographic Code 933 are ineligible for financing by AID as suppliers of services or of commodities, or as agents acting in connection with the supply of services or of commodities, except that non-U.S. citizens lawfully admitted for permanent residence in the United States are eligible regardless of such citizenship.

(8) Special restrictions on procurement of construction or engineering services. Section 606(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 the 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, obtain the AID Grant Officer's approval for any such contract."

### 13. PATENT RIGHTS (OCTOBER 1964)

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

#### a. Definitions.

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

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

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

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

(5) "Small Business Firm" means a domestic small business concern as defined in Section 2 of Public Law 85-536 (15 U.S.C. 632) and implementing regulations of the Administrator of the Small Business Administration. For the purpose of this clause, the size standards for small business concerns involved in Government procurement and subcontracting at 13 CFR 121.3-8 and 13 CFR 121.3-12, respectively, shall be used.

(6) "Nonprofit Organization" means a domestic university or other institution of higher education or an organization of the type described in Section 501(c)(3) of the Internal Revenue Code of 1954 (26 U.S.C. 501(c)(3)) and exempt from taxation under Section 501(a) of the Internal Revenue Code (26 U.S.C. 501(a)) or any domestic nonprofit scientific or any educational organization qualified under a state nonprofit organization statute.

#### b. Allocation of Principal Rights.

The recipient may retain the entire right, title, and interest throughout the world to each subject invention subject to the provisions of this clause and 35 U.S.C. 201. With respect to any subject invention in which the recipient retains title, the Federal Government shall have a non-exclusive, non-transferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States the subject invention throughout the world.

#### c. Invention Disclosure, Election of Title and Filing of Patent Applications by Recipient.

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

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

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

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

#### d. Conditions When the Government May Obtain Title.

The recipient shall convey to AID upon written

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

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

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

#### e. License Rights to Recipient.

(1) The recipient shall retain a non-exclusive, royalty-free license throughout the world in each subject invention in which the Government obtains title except if the recipient fails to disclose the subject invention within the time specified in c. above. The recipient's license extends to its domestic subsidiaries and affiliates, if any, within the corporate structure of which the recipient is a party and includes the right to grant sublicense of the same scope to the extent the recipient was legally obligated to do so at the time the agreement was awarded. The license is transferable only with the approval of AID except when transferred to the successor of that party of the recipient's business to which the invention pertains.

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

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

#### f. Recipient Action to Protect the Government Interest.

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

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

(3) The recipient shall notify AID of any decision not to continue the prosecution of a patent application, pay maintenance fees, or defend in a reexamination or opposition proceeding on a patent, in any country, not less than 10 days before the expiration of the response period required by the relevant patent office.

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

## Best Available Document

**26. PARTICIPANT TRAINING (OCTOBER 1960)**

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

**(a) Definitions:**

1. Participant training is the training of any non-U.S. individual outside of his or her home country using AID funds or under AID sponsorship.
2. A participant is any non-U.S. individual being trained under this grant outside of his or her home country.

**(b) Application of Handbook 18:**

Participant training under this grant is to be conducted according to the policies established in AID Handbook 18, Participant Training, except to the extent that specific exceptions to Handbook 18 have been provided in this grant with the concurrence of the Office of International Training. (Handbook 18 may be obtained by submitting a request to the Office of International Training (S&T/IT), Agency for International Development, Washington, D.C. 20523.)

**(c) Reporting Requirement**

For participants trained in the United States, data shall be submitted by means of the form AID 1381-4, "Participant Data", simultaneously with enrollment in the Health and Accident Coverage Program (see Section (d) below). For participants trained in third countries, grantees shall submit to S&T/IT only the top white sheet of the Participant Data form (and blue copies if subsequent changes in the participant's training program are made). Copies of the Participant Data form may be obtained from the Office of International Training at the address indicated in Section (b) above.

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

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

1. The HAC Program enables the participant, or the provider of medical services, to submit bills for medical costs resulting from illness and accident to the HAC Claims Office which pays all reasonable and necessary medical charges for covered services not otherwise covered by other insurance programs (see paragraph 3 below), in accordance with the standard coverage established by AID under the HAC Program.
2. The grantee shall, as early as possible and no later than the initiation of travel to the United States by each participant financed by AID under this grant, fill out form AID 1381-4 entitled "Participant Data" and mail it to the addressee indicated on the back of the form. The grantee can obtain a supply of these forms and instructions for completing them from the Office of International Training at the address indicated in section (b) above.
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 address indicated in section (b) above. Payments will be made via check made payable to A.I.D. and submitted to:

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

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

(b) The enrollment fees shall be calculated on the basis of fixed rates per participant per each 18 day period. The enrollment fees may not be prorated for fractional periods of less than 18 days and should cover the current training period for which funds are obligated under the grant.

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

5. The grantee shall provide each participant with copy of the HAC brochure, copies of which are available from S&T/IT at the address indicated in section (b) above.

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 claim 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 enroll in AID's HAC Program. In addition, a copy of the mandatory insurance policy must be forwarded to the HAC Claims Office.

7. Medical costs not covered by the grantee's health and accident insurance 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.