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UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT  
OFFICE OF THE AID REPRESENTATIVE

American Embassy  
Islamabad, Pakistan

March 15, 1990

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Loan and Grant Agreements

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Mr. Henry Norman  
Executive Director  
Volunteers in Technical Assistance (VITA)  
1815 North Lynn Street, Suite 200  
Arlington, VA 22209

Subject: Cooperative Agreement No.: 306-0204-A-00-0767-00  
Agricultural Sector Support Project

Dear Mr. Norman:

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 provides to the Volunteers in Technical Assistance (hereinafter referred to as "VITA" or Recipient") the sum of five million six hundred and sixty thousand dollars (\$5,660,000) in support of the implementation of the rural infrastructure rehabilitation activities under the project entitled the "Agricultural Sector Support Project", as more fully described in Attachment 1 entitled "Schedule and Program Description."

This Cooperative Agreement is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Recipient in furtherance of program objectives through the estimated completion date of May 31, 1992. Funds disbursed by A.I.D. but uncommitted by the Recipient at the expiration of this period shall be refunded to A.I.D.

The total estimated amount of the program is \$11,799,088 of which \$5,660,000 is hereby obligated. A.I.D. shall not be liable for reimbursing the Recipient for any costs in excess of the obligated amount. However, subject to the availability of funds, and program priorities at the time, A.I.D. may consider providing additional funds during the Cooperative Agreement period up to a maximum of \$6,139,088.

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

VITA COOPERATIVE AGREEMENT NO. 306-0204-A-00-0767-00

Please acknowledge receipt and acceptance of this Cooperative Agreement by signing all copies of this Cover Letter. Retain one set for your files and return the remaining copies to this office.

Sincerely,

*Marilyn B. Buchan*

Marilyn B. Buchan  
Grant Officer

Attachments:

1. Schedule & Program Description
2. Standard Provisions

ACKNOWLEDGED:

VOLUNTEERS IN TECHNICAL ASSISTANCE

BY: \_\_\_\_\_

TYPED NAME: Mir Mohammad Sedig

TITLE: COP/VITA

DATE: III-25-1990

FISCAL DATA

PIO/T No.:	306-0204-3-00013
Appropriation No.:	72-1101021
Budget Plan Code:	QDNA-9027306-KG-13
This obligation:	\$5,660,000
Total Estimated Amount:	\$11,799,088
Technical Office:	Agriculture Office Office of the A.I.D. Representative for Afghanistan Affairs

SCHEDULE & PROGRAM DESCRIPTION

Attachment I

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## ARTICLE I - PURPOSE OF AGREEMENT AND PROGRAM DESCRIPTION

### A. PURPOSE

The purpose of this Agreement is to implement the rural infrastructure rehabilitation activities under the Agriculture Sector Support Project.

### B. PROGRAM DESCRIPTION

#### I. BACKGROUND

In June 1987, the Agency for International Development (A.I.D.) contracted with Volunteers in Technical Assistance (VITA) to assist with the implementation of the Agricultural Sector Support Project for Afghanistan. Under the terms and conditions of the contract and its subsequent amendments, VITA established a headquarters office in Peshawar, Pakistan, that works closely with local councils in Afghanistan to organize the repair and rehabilitation of minor irrigation systems, farm-to-market roads and bridges, and the completion of other small-scale infrastructure works inside Afghanistan. This project has a sub-headquarters office in Quetta, Pakistan, and 16 field offices in 12 provinces of Afghanistan, referred to as area rehabilitation schemes (ARS). This Project component's activities in Afghanistan are directed by the former President of the Rural Development Department in the Prime Ministry of Afghanistan; his staff currently consists of some 300 Afghans and two U.S. citizens.

As of December 1, 1989, the Project had rehabilitated 889 irrigation karezes and surface irrigation canals and was completing work on an additional 1,239 karezes and canals. A total of seven roads had been built or rehabilitated, with an average length of 47 kilometers. This was in addition to a 131 kilometer road completed in Paktia province. While these accomplishments are considerable, they represent only a small percentage of the actual demand for small scale rural works inside Afghanistan. In 1989 alone, this Project component received 13,584 requests for assistance.

#### II. GENERAL OBJECTIVES OF THIS AGREEMENT

As directed by A.I.D., VITA shall be responsible for assuring the ongoing rehabilitation of rural infrastructure facilities in Afghanistan; and assessing the feasibility of establishing an independent and sustainable Afghan rural works entity. As determined by the feasibility assessment and as subsequently directed by the Mission, the Recipient will develop and implement a plan to create such an independent Afghan entity to carry on this work after the expiration of this Agreement.

#### III. SPECIFIC OBJECTIVES OF THE COOPERATIVE AGREEMENT

##### A. Restoration of Agricultural Rural Infrastructure

Surface irrigation systems and karezes have deteriorated due to neglect and war damage. In Afghanistan, where a large percentage of the agricultural area is heavily dependent on irrigation, the extensive decline in irrigation facilities is a serious problem. Similarly, rural roads and bridges have been damaged, with serious implications for agricultural commerce.

In the area of rural agricultural infrastructure rehabilitation, the Recipient agrees to perform the following tasks:

### 1. Irrigation Implementation

In collaboration with the Agriculture Officer and local Afghan leadership, the Recipient will develop and execute an irrigation implementation program for each ARS which will prioritize irrigation repair and rehabilitation needs. The emphasis will be on rehabilitating small surface irrigation systems to the extent this is supported by local perceptions and participation.

For each ARS, the Recipient will assess the economic importance of the particular surface and karez irrigation system in terms of their potential contributions to restoring food production, employment and income. The ARS field staff will oversee the reconstruction activities. The Recipient's Peshawar-based support staff is responsible for the overall management of this component and on any activities which require complex technical engineering.

The implementation program will address irrigation design issues, specifically: (a) identification of the level of engineering expertise required and any specific design tasks which may have to be subcontracted; (b) determination of the level of sophistication of design appropriate to practices in Afghanistan and ways that quality control can be assured for the designs selected; and (c) specification of the materials which should be used.

An ARS irrigation implementation plan will be developed for each ARS area, and will be incorporated in the Consolidated Annual Implementation Plan.

### 2. Rural Roads and Bridges

In collaboration with the Agriculture Officer, local Afghan leadership, and based on available data, the Recipient will develop and execute a rural roads and bridges program for each ARS. The Recipient will identify and prioritize the rural roads and bridges in order of importance for each ARS area on the basis of: (a) local agricultural production; (b) local perceptions regarding the state of disrepair; and (c) the relative economic importance of each road or bridge.

The program will address rural road and bridge design issues, such as: (a) identifying rehabilitation expertise required and any design tasks which may have to be subcontracted; (b) determining the level of sophistication of design appropriate to practices in Afghanistan and ways that quality control can be assured for the designs selected; and (c) specifying the materials which should be used. A rural roads and bridges implementation plan will be developed for each ARS area, and will be incorporated into the Consolidated Annual Implementation Plan.

### 3. Engineering Services

The Recipient will develop, in collaboration with the Agricultural Officer, Scopes of Work for Engineering Services. The sub-grant will be for the provision of technical engineering assistance to develop and implement major engineering projects under the infrastructure rehabilitation activities of this Agreement. The Recipient will also propose organizations that can perform the sub-grant for Mission approval. The Agricultural Officer and the Agreement Officer will approve all sub-grants.

#### 4. ARS Planning

Planning for ongoing and new ARS locations must be flexible enough to accommodate the changing political and economic situation in Afghanistan. Any new sites shall have the prior written approval of the Agricultural Officer and will be located in areas where they will have a substantial impact on national food production and agricultural productivity, as well as the local economy. In collaboration with the Agriculture Officer, the Recipient will develop ARS selection criteria which incorporate the following concerns:

(a) Productivity of the Area: The most agricultures productive locations where refugees will be returning should receive priority. For example, emphasis should be given to those high production areas capable of producing surplus agricultural commodities for food deficit areas.

(b) Community Organizations: Only areas in which local organizations (e.g. Shuras) exist, or are likely to become functional in the short term, will be eligible for ARS teams. The Recipient will work in close collaboration with the local community organizations for effective planning and implementation.

(c) National Ethnic Balance: Where feasible, new ARS areas should be placed in territories of the main ethnic groups in Afghanistan.

(d) Poppy Areas: ARS teams will not be located in areas in which it is known that poppies are grown, unless the local community government (shuras and/or commanders), the Afghan Interim Government (AIG) or its successor, and A.I.D. actively seek assistance in reducing poppy production in these areas.

(e) Local Participation: ARS teams will be placed only in those areas where the people have demonstrated a willingness to cooperate and to participate actively in rehabilitation activities.

#### B. Poppy Production Control

VITA will undertake limited poppy reduction efforts during the first six months of this Agreement. At the direction of the Agriculture Officer, these activities will then be transferred to the Narcotics Awareness and Control Project Contractor. VITA's specific responsibilities are to: (1) define the extent of poppy production in selected areas of Afghanistan; (2) establish field offices in Afghanistan to undertake infrastructure rehabilitation activities; and (3) coordinate the provision of agricultural inputs provided by the Commodity Export Project to identified poppy growing areas where there is local support to curtail poppy cultivation. VITA will, in collaboration with the Agriculture and other Project Officers, develop an implementation plan for the reduction of poppy production within 30 days after the effective date of this Agreement for Mission review and approval.

#### C. Training

The Recipient shall prepare a training plan for inclusion in the Consolidated Annual Implementation Plan. This plan shall be accompanied by a training needs assessment which will include a list of the Recipient's field and headquarters personnel, a summary of their education and skill levels, and an assessment of the additional training and skills needed to implement the objectives of this Agreement. The training needs assessment shall cover the staffing and organization of each ARS, and the Peshawar and Quetta offices.

#### D. Monitoring

In collaboration with the Agriculture Officer, the Recipient will develop and employ a monitoring system which will provide timely verification of the progress of all the Recipient's rehabilitation activities financed under this agreement on a quantitative, qualitative and financial basis. Problems encountered in project administration and implementation shall be identified and solutions shall be recommended. The monitoring system will be submitted to the Mission for written approval as part of the Consolidated Annual Implementation Plan.

#### E. Afghan Entity Development

The magnitude of infrastructure rehabilitation needs in Afghanistan far surpasses the Mission's resources. The Recipient has established an ongoing program, led and staffed by Afghans, with the potential to evolve into an Afghan entity capable of broadening its funding base and expanding its impact on rural infrastructure rehabilitation over the longer term.

The Recipient will, in collaboration with the Agriculture Officer, develop a Statement of Work for a subcontract to assist the Recipient in conducting an assessment of the feasibility of establishing an independent Afghan entity capable of implementing rural infrastructure rehabilitation as well as attracting financial and other resources from bilateral and multinational donors. The statement of work for the feasibility assessment will be completed and submitted to the Mission for approval within 45 days after the effective date of this Agreement.

The feasibility assessment shall include: (a) an analysis of how the entity will be legally established; (b) a proposed organizational staffing pattern; (c) an analysis of the entity's independence and how it will be maintained; (d) a proposed recruitment scheme for a governing board and a Chief Executive Officer; (e) a proposed detailed plan as to how the organization will develop the technical skills necessary to develop and implement projects and to assure financial accountability.

The feasibility assessment shall include a projection of financial requirements necessary for the entity to continue in operation on a sustainable basis at the conclusion of this Agreement. This shall include an analysis of how the necessary salaries, overhead and other operating expenses of the entity will be covered. As part of the assessment, the recipient will develop a realistic time table required for the transfer of responsibilities to this entity. The feasibility assessment shall include an analysis showing how the entity will qualify for A.I.D. funding and registration as a Private Voluntary Organization (PVO) with A.I.D. Additionally, this assessment will address how and where this entity could obtain funding from sources other than A.I.D.

If the feasibility assessment is positive, and with prior A.I.D. approval, the Recipient will develop an implementation plan, which shall be included as part of the first semiannual revision of the Consolidated Implementation Plan. This plan will detail the steps and actions required for the establishment and operation of such an Afghan entity to continue after the term of this Agreement.

- To the extent legally, politically and programmatically possible there could be a gradual transfer of project responsibilities, currently estimated as being done during the final six months, or sooner, of this Agreement, from the Recipient to this entity. Any such transfer of responsibility will be subject to prior Mission approval.

The feasibility assessment will be submitted for the Mission's review and approval no later than 4 months after the effective date of this Agreement. If the assessment recommends the establishment of such an entity, then the implementation plan will be submitted for the Mission's review and approval no later than six months after the effective date of this Agreement. The methodology and plan for the conduct of this assessment will be included in the Consolidated Annual Implementation Plan.

The timetable for submission of the three primary activities regarding Afghan entity development is:

1. Statement of Work for the feasibility assessment - Completed 45 days after the effective date of the Agreement
2. Feasibility assessment - Completed 4 months after the effective date of the Agreement
3. Afghan entity implementation plan - Completed 6 months from the effective date of the Agreement.

#### IV. MANAGEMENT INFORMATION, PLANS AND DOCUMENTATION

##### A. Consolidated Annual Implementation Plan

The Consolidated Annual Implementation Plan will be developed in collaboration with the Agriculture Officer. The plan will be submitted to the Mission for review and approval within 45 days after the effective date of this Agreement.

This plan will be a consolidation of the various implementation plans for each of the project's major activities. It will schedule and quantify each of the 8 specific objectives of this Agreement: (a) irrigation; (b) rural roads and bridges restoration; (c) engineering services; (d) ARS planning; (e) poppy reduction; (f) training; (g) monitoring; and (h) Afghan entity development.

This plan will present a reconstruction program for irrigation systems, roads and bridges in each ARS, based on the Recipient's experience in implementing these types of activities in Afghanistan. It will identify equipment, material and engineering services needed to be ordered or subcontracted. It will propose new ARS sites to be initiated and changes in the present ARS sites based on the criteria established by this Agreement.

The Plan: (a) identify field staff activities; (b) summarize material interventions presented in the separate implementation plan focusing on the reduction in poppy cultivation; (c) schedule training courses based on a training needs assessment; (d) describe a monitoring system and project monitoring requirements; (e) detail the methodology and process for assessing the feasibility of the Afghan entity. The plan will also present budgets for each component, as well as estimate beneficiaries and indicate beginning and ending dates for each activity.

B. Semi-Annual Implementation Plan Revisions

The Recipient will develop revisions of the consolidated implementation plan in collaboration with the Agriculture Officer. These revisions will be submitted for Mission review and approval. By October 1, 1990, a revision of the Consolidated Annual Implementation Plan will be prepared for the following six months. This plan will detail achievements and constraints of the previous six months and future corrective actions and revised budgets. The revisions shall take into consideration information provided by both the quarterly and semiannual monitoring reports.

By April 1, 1991, a second Consolidated Annual Implementation Plan will be prepared and submitted to the Mission for review and approval. This consolidated second-year plan will be based on the experiences of the first year.

By October 1, 1991, the second Consolidated Annual Implementation plan will be revised for the last six months of this Agreement.

C. Monthly Chief of Party Meetings

The Recipient's Chief of Party will participate in the monthly meetings called by the Agriculture Officer.

ARTICLE II - FUNDS OBLIGATED, PAYMENT, AND ESTIMATED COST

A. FUNDS OBLIGATED

Funds are obligated as follows:

<u>Line Item:</u>	<u>Amount</u>
I. Technical Assistance	\$ 1,000,000
II. Logistic Support	500,000
III. Program	4,160,000
Total Obligated:	<u>\$ 5,660,000</u>

B. PAYMENT

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

C. TOTAL ESTIMATED COSTS

The total estimated cost of this agreement by major budget line item is:

I. Technical Assistance:	\$2,280,800
II. Logistical Support:	600,000
III. Program :	8,913,288
Agreement Total:	<u>\$11,799,088</u>

### ARTICLE III - SUBSTANTIAL INVOLVEMENT

It is understood and agreed that A.I.D. shall be substantially involved during the implementation of this Cooperative Agreement, as follows:

1. The Mission will review and approve the Consolidated Annual Implementation Plan.
2. The Agriculture and the Grant Officers, will approve all sub-grants.
3. The Mission will approve the feasibility assessment for Afghan entity development.
4. The Mission will approve the monitoring system.
5. The Mission will review and approve all implementation plan revisions.
6. A proposal for obtaining U.N. or other donor funding for the Afghan entity will be submitted to the Mission for review and approval.
7. The Agriculture and Agreement Officers will approve all staff nominated for key positions.
8. The Agriculture Officer will collaborate in the development of the Consolidated Annual Implementation Plan.
9. The Mission will approve all ARS areas to be added, deleted or expanded.
10. The Agriculture Officer will approve all position descriptions for local hire positions.
11. The Agriculture Officer will collaborate in the development of a systematic monitoring system which provides timely verification of the progress of all the Recipient's rehabilitation activities financed under this agreement on a quantitative, qualitative and financial basis.
12. The Agriculture Officer will collaborate in the development of a Scope of Work for the Engineering services.
13. The Agriculture Officer will collaborate in the development of a Scope of Work for an assessment of the feasibility of establishing an independent Afghan entity.
14. The Agriculture Officer will collaborate in the development of all of the subsequent implementation plan revisions.
15. The Agriculture Officer and Controller will approve in writing all expenditures of any local currency generated in the course of this Agreement.
16. The Agriculture Officer will approve in writing all procurement requests for nonexpendable items with a value exceeding \$1000.

17. The Agriculture Officer will collaborate in the development of a Scope of Work for the technical assistance in assessing the feasibility of establishing an Afghan entity.
18. The Agriculture Officer will collaborate in the development of selection criteria for identification of new ARS sites.
19. The Agriculture Officer will collaborate in the development of an irrigation implementation plan for each ARS.
20. The Agriculture Officer will collaborate in the development of a rural roads and bridges implementation plan.
21. The Agriculture Officer will collaborate in the development of an Afghan entity development implementation plan.
22. The Agriculture and Special Projects Officers will collaborate in the development of an implementation plan for poppy production reduction. The Mission will review and approve this plan.
23. The Agriculture Officer will collaborate in the development of guidelines for semiannual monitoring reports.

#### ARTICLE IV - PERIOD OF AGREEMENT

- A. The effective date of this agreement is the date of the Agreement Letter and the estimated expiration date is May 31, 1992.
- B. Funds obligated hereunder are available for program expenditures for the estimated period from the effective date until May 31, 1992 as shown in the Financial Plan below.

#### ARTICLE V - REPORTING REQUIREMENTS

In addition to the Plans described in Article I, the Recipient shall provide the following reports:

##### A. Quarterly Progress Reports

Quarterly progress reports will be the basic source of information for ongoing project management. These reports shall follow the Mission's standard data and format requirements. It should be based on information provided by the monitoring system. These reports should summarize current project accomplishments, problems, and recommended actions for the Mission's and the Recipient's management. Quarterly progress reports are to be submitted on January 15, April 15, July 15 and October 15.

##### B. Semiannual Monitoring Reports

The Recipient will, in collaboration with the Agriculture Officer, develop guidelines and formats for the semiannual monitoring reports. The guidelines will be submitted for Mission approval within 45 days after the effective date of this Agreement. The reports will detail the quantitative, qualitative, financial and administrative information related to the progress and problems encountered in carrying out the objectives of this Agreement and recommended solutions shall be identified. The reports will also provide an update of the status of local currency generation as detailed elsewhere in this Agreement.

C. End of Tour Reports:

End of tour reports will be submitted in writing for each long-term technical assistance person at the end of their tours.

ARTICLE VI - ESTABLISHMENT OF OVERHEAD RATE

Pursuant to the Standard Provision of this Cooperative Agreement entitled "Negotiated Overhead Rates - Provisional", a rate or rates shall be established for each of the Recipient's accounting periods during the term of this Agreement. Pending establishment of final indirect cost rates, provisional payments on account of allowable indirect costs shall be made on the basis of the following rates applied to the bases which are set forth below.

<u>Type</u>	<u>Rate</u>	<u>Period</u>	<u>Base</u>
Fringe	30.87%	Until Amended	Total Labor Costs
Overhead	32.40%	Until Amended	Direct Labor, applicable fringe benefits and other direct costs excluding: Subcontracts, Subgrants & Subawards, Project construction costs, Vehicles, Equipment, Furniture & computers, Loan funds, Volunteer services, Donated equipment and materials, and Host government project funds.

ARTICLE VIII - FINANCIAL PLAN

A. The budget for this Agreement is given below. Revisions to this Plan shall be made in accordance with Standard Provisions of this Agreement, entitled "Revision of Grant Budget."

BUDGET

	<u>Amount</u>
<u>I. TECHNICAL ASSISTANCE:</u>	
Field Salaries & Wages	\$770,332
Home Office Salaries & Wages	142,687
Consultants	279,640
Travel & Per Diem	375,600
Allowances	140,800
Other Direct Costs	14,600
Overhead	558,141
Total Technical Assistance:	<u>\$2,280,800</u>
<u>II. LOGISTIC SUPPORT:</u>	600,000
<u>III. PROGRAM SUPPORT:</u>	
Overhead	715,891
Program Support	<u>8,202,397</u>
TOTAL:	<u>\$11,799,088</u>

B. Any variation in excess of 15 percent among budget line items in the technical Assistance category will require written approval of the Agreement Officer. No line item flexibility exists between the three major budget categories (i.e. Technical Assistance, Logistical Support or Program)

C. The Recipient agrees to furnish data which the Agreement Officer may request on costs expended or accrued under this Agreement in support of the budget information provided herein.

D. The restrictions on the use of A.I.D. funds hereunder set forth in the Standard Provisions of this Agreement are applicable expenditures incurred with A.I.D. funds provided under this Agreement. The Standard Provisions are not applicable to expenditures incurred with funds provided from non-Federal sources." The Recipient will account for A.I.D. funds in accordance with Standard Provision No. 2 entitled "Accounting, Audit and Records."

E. Financial Reports

All financial reports and vouchers for payment and reporting of expenditures will be submitted monthly (on an advance/reimbursement system) by Recipient and will conform to A.I.D. regulations.

Billings should be submitted on a monthly basis in the following format:

<u>Itemized Budget</u>	<u>Claimed Previously</u>	<u>Claimed This Period</u>	<u>Total Claimed</u>
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Billings should be submitted to:

Controller USAID/Islamabad  
PSC Box 4  
APO New York 09614  
-or-  
Controller - USAID  
18, 6th Avenue, Ramna 5  
Islamabad, Pakistan

ARTICLE VIII - SPECIAL PROVISIONS

A. Title to Property

Title to all property financed under this Agreement shall vest in the U.S. Government, subject to the conditions of the Standard Provision entitled, "Title To and Use of Property (U.S. Government Title)."

B. Authorized Geographic Code

Commodities and services financed by A.I.D. under this project shall have their source, origin and nationality in the United States of America, Pakistan, Afghanistan and, when agreed to in writing by the A.I.D. Representative, countries in A.I.D. Geographic Code 935.

C. Logistic Support

a. Logistical support will be provided by A.I.D. in accordance with current Embassy and Mission policies which may be amended from time to time. Support services include:

- (1) Office space
- (2) Office equipment
- (3) Housing, Utilities, Household furniture and appliances
- (4) Official Vehicles, exclusive of operating and maintenance costs.
- (5) Misc. Support Services (Visa, Administrative Support, Staff Houses)

b. The cost of any logistic support being provided by A.I.D. are included in the budget of this Agreement and will be charged directly to the Agreement by the Mission. They are in addition to the U.S. dollar costs set forth herein under the Technical Assistance Line Item.

c. If A.I.D. does not meet its commitment to provide logistic support the Recipient shall immediately notify the Agreement Officer in writing. If failure to provide the logistic support is of such nature as to severely and adversely affect the performance or progress of this Agreement, the Recipient, after consultation with and written approval of the cognizant A.I.D. Project Officer, may utilize an amount not exceed \$5,000 of budgeted U.S. dollars to cover critical, short-term emergency logistic support needs; provided however, that such approvals shall not be construed as authorization to increase the total estimated cost or the obligated amount of this Agreement, whichever is less. A copy of any approvals issued pursuant to the foregoing shall be retained by the Recipient for audit purposes.

d. If, under emergency circumstances, it is necessary for the cognizant A.I.D. Project Office to pay for any budgeted in-country costs on behalf of the Recipient in order to facilitate implementation of any activities under this Agreement, the cognizant A.I.D. Project Office may bill the Recipient for such costs, and the Recipient may, in turn, charge those costs against this Agreement. The cognizant A.I.D. Project Office may not pay any in-country costs without the prior written approval of the Agreement Officer, which approval must indicate a maximum amount which can be paid.

e. Services currently available for expatriate U.S. citizen Recipient employees include the following:

i. Use of U.S. Embassy medical facilities in Islamabad, including services of a regional physician, nurse and health room, for immunization, diagnostic examinations, advice and emergency treatment - on a fee basis;

ii. Use of State Department Diplomatic Pouch facilities, official and first class mail according to Department regulations;

iii. Membership in the United States Government Employees Association (USGEA) commissary and recreation facilities, subject to the rules of the Association.

LOGISTIC SUPPORT AND FACILITIES AVAILABLE ARE GOVERNED BY EMBASSY AND MISSION POLICIES, AND ARE SUBJECT TO CHANGE.

#### D. Special Audit Provisions

Based upon a Section 451 approval by the A.I.D. Representative, the provisions of this Agreement with respect to accounting, records and audit shall not apply to operational costs incurred by the Recipient within Afghanistan and end-use-checks of commodities and equipment located within Afghanistan. However, the Recipient agrees to the maximum reasonable extent to exercise prudent oversight of such operational costs and commodities. Further, the Recipient agrees to report in detail on such costs and commodities as part of the Agreement reporting requirements.

## E. KEY PERSONNEL

1. The following personnel positions are considered key and essential to the performance of this Agreement:

Position  
Chief of Party  
Deputy Chief of Party  
Design/Civil Engineer  
Financial Advisor/Accountant

2. The key personnel positions identified above are considered to be essential to the work being performed hereunder. Prior to diverting any of the key personnel named above to other programs, the Recipient shall simultaneously notify the Agreement Officer and the Agriculture Officer reasonably in advance and shall submit justification in sufficient detail (including budget impact) to permit evaluation of the impact on the program. Proposed substitutions must be submitted simultaneously to the Agreement Officer and the cognizant A.I.D. Project Officer not later than 30 days after the diversion of any of the approved individuals. No diversion shall be made by the Recipient without the written consent of the Agreement Officer. Failure to do so may be considered nonperformance by the Recipient. The listing of key personnel positions may be amended from time to time to either add or delete positions.

## F. Position Descriptions

### 1. Chief of Party

The Chief of Party reports directly to the Recipient's President and has overall responsibility for the management of this Agreement.

He is responsible for all primary contacts with the Mission and programmatically the Chief of Party has direct responsibility to the Agriculture Officer regarding all aspects of this Agreement. The Chief of Party will maintain appropriate working relations with the Afghan Interim Government (AIG) and its representatives, tanzeems, appropriate Government of Pakistan officials, and other donor agencies participating in Afghanistan rehabilitation programs.

He is directly responsible for the supervision of all key personnel as identified in this Agreement and direct the offices in Peshawar, Quetta and Afghanistan.

He is responsible for submission of all reports and documentation required by the Mission under the Agreement, excluding financial documentation prepared and submitted from VITA's headquarters in Virginia.

### 2. Deputy Chief of Party

The Deputy Chief of Party reports directly to the Chief of Party.

He acts as the Chief of Party in the absence of the Chief of Party.

He is responsible for supervising all administrative project components including personnel, procurement, financial management, report preparation and other documentation required by the Mission.

He will carry out special assignments as assigned by the Chief of Party.

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3. Senior Design Engineer

The senior design engineer reports directly to the Chief of Party.

He is responsible for reviewing all existing standard designs of culverts, bridges, roads and crossings, and recommending changes as necessary.

He will prepare the designs and specifications for those projects which require other than standard designs and specifications.

He will review the field project proposals and survey reports for final approval before implementation.

He will be responsible for supervising the design section personnel of this project component.

He will prepare a design manual for the design section.

He will be responsible for carrying out any special assignments of the Chief of Party or his Deputy.

4. Financial Advisor/Accountant

The Financial Advisor/Accountant will report to the Chief of Party.

He will be responsible for all accounting and financial reporting functions of this Agreement, including regular reporting of expenditures.

He will maintain liaison on financial matters between the Recipient's office in Peshawar, the Recipient's home office and the A.I.D. Mission's Controller's office.

He will be responsible for the management of cash advances to field projects, reporting thereon, approval of receipts for expenditures, and regular clearance of outstanding items.

He will provide advice on budget matters and estimated expenditure reporting to the Mission. Recipient will nominate candidates who are concurred with by this project component's Chief of Party and approved by the Mission.

G. Personnel Compensation

1. Limitations. Compensation of personnel which is charged as a direct cost under this Agreement are subject to the following additional specific understandings which set limits on items which otherwise would be reasonable, allocable, and allowable.

(a) Approvals. Salaries and wages may not exceed the Recipient's established policy and practice, including the Recipient's established pay scale for equivalent classifications of employees, which will be certified to by the Recipient, nor may any individual salary or wage, without approval of the Agreement Officer, exceed the employee's current salary or wage received during any full year of the immediately preceding three years. There is a ceiling on reimbursable salaries and wages paid to a person employed directly under the Agreement of the maximum salary rate of FS-1 (or the equivalent daily rate of the maximum FS-1 salary, if compensation is not on an annual basis), unless advance written approval is given by the Agreement Officer.

(b) Salaries During Travel. Salaries and wages paid while in travel status will not be reimbursed for a travel period greater than the time required for travel by the most direct and expeditious air route.

(c) Return of Overseas Employees. Salaries and wages paid to an employee serving overseas who is discharged by the Recipient for misconduct, inexcusable nonperformance, or security reasons will in no event be reimbursed for a period which extends beyond the time required to return him promptly to his point of origin by the most direct and air route.

(d) Annual Salary Increases. Annual salary increases may not exceed those provided by the Recipient's established policy and practice subject to the following: With respect to employees performing work under this Agreement the maximum annual salary increase paid under this Agreement is not more than 5% of the employee's base salary, subject to the Recipient's established policy and practice, after the employee's completion of each twelve month period of satisfactory services under the Agreement. Annual salary increases of any kind exceeding these limitations or exceeding these limitations or exceeding the maximum salary of FS-1 may be granted only with the advance written approval of the Agreement Officer.

(e) Third Country and Cooperating Country Nationals. No compensation for third country or cooperating country nationals will be reimbursed unless their use under the Agreement has the prior written approval of the cognizant A.I.D. Project Officer. Salaries and wages paid to such persons may not, without specific written approval of the Agreement Officer, exceed either the Recipient's established policy and practice; or the level of salaries paid to equivalent personnel by the A.I.D. Mission in the cooperating country; or the prevailing rates in the cooperating country, as determined by A.I.D., paid to personnel of equivalent technical competence. In no event shall compensation for such persons exceed the FS-1 rate, unless approved in advance by the Agreement Officer.

(f) Work Week:

The work week for the Recipient's non-overseas employees shall not be less than the established practice of the Recipient.

The work week for the Recipient's overseas employees shall not be less than 40 hours and shall be scheduled to coincide with the work week for those employees of the Mission and the Recipient's counterparts associated with the work of this Agreement.

(g) Initial Salaries:

The initial starting salaries of all employees whose salaries are charged as a direct cost to this Agreement must be approved in advance and in writing, by the Agreement Officer.

2. Definitions:

As used herein, the terms "Salaries," "Wages," and "Compensation" mean the periodic remuneration received for professional or technical services rendered exclusive of overseas differential or other allowances associated with overseas services, unless otherwise stated. The term "compensation" includes payments for personal services (including fees and honoraria). It excludes earnings from sources other than the individual's professional or technical work, overhead or other charges.

## H. Medical Clearance

All members of the Recipient's staff and their dependents who will remain in Pakistan for 60 days or longer must have a medical clearance from M/MED, Room 2906-NS, Department of State, Washington, DC. 20520 prior to departing for assignment overseas. All such personnel shall be examined by a certified physician and shall send the results of the physical examination to M/MED on a prescribed form provided by the Agreement Officer. Without the medical clearance, the employee will not be eligible to have access to the Embassy Health Unit. Any travel undertaken by long term employees without the requisite clearances will not be eligible for reimbursement, nor will A.I.D. accept any responsibility for the safety, health or welfare of such employees.

## I. Emergency Locator Information

The Recipient agrees to provide the following information to the Agreement Officer, A.I.D./Islamabad on/or before the arrival in Pakistan of every employee or dependent:

1. The individual's full name, home address, and telephone number and whether the individual is an employee or dependent.
2. The Recipient's name, home office address, and telephone number, including any after-hours emergency number(s), and the name of the Recipient's home office staff member having administrative responsibility for the Agreement.
3. The name, address, and telephone number of the individual's next of kin.
4. Any special instructions pertaining to emergency situations such as power of attorney designees or alternate contact persons.

## J. STATUS OF TAXES

### i. Host country Taxes

A.I.D. does not finance any identifiable host country taxes or other imposition of levies

### ii. Corporate/Income/Import Taxes

1. Expatriate employees of expatriate firms will be exempt from various Pakistani import taxes and controls as well as Pakistani income tax on their total compensation, (salary and benefits). For work under this Agreement, firms are not expected to be liable for Pakistani corporate tax. It is the sole responsibility the Recipient to arrange for all allowable tax exemptions. On request, A.I.D. will provide available documentation in support of allowable exemptions from host country taxes, or other imposition or levies.

2. Pakistani firms are not exempt from Pakistani corporate taxes and their employees are liable for taxes under Pakistani Law.

3. Pakistani employees of U.S. firms will be subject to taxes under Pakistani Law.

#### K. Local Currency Generation

Local currency (Rupees and Afghanis) may be generated by the Recipient in the course of distributing productive inputs. The Recipient will place local currencies thus generated in an interest-bearing account with a commercial bank in Pakistan, with any interest earned programmed as if it were principal, and subject to all normal A.I.D. audit, accounting and financial procedures. Establishment of the account shall require specific prior approval from A.I.D. Expenditure of these funds by the Recipient on local program costs will be approved in advance by the A.I.D. Representative in writing. A separate report shall be prepared by the Recipient and submitted to the Project Officer on deposits, interest earned, and expenditures from this account.

Activities in which the Recipient will generate local currency will be conducted only when deemed to be beneficial to the project and only at the direction of the A.I.D. Representative. The exact methodology for these activities will be agreed to on a case-by-case basis by the Mission.

#### L. Geographic Locations:

1. The United States: Home Office.
2. Pakistan: The Recipient's field headquarters shall be based in Peshawar, Pakistan. All expatriates will be based there, but extensive travel in Pakistan (and later in Afghanistan) is anticipated. The Recipient may also be required to establish an office and staff in Quetta.
3. Afghanistan: At the present time, U.S. Government policy prohibits entry into Afghanistan by U.S. direct hire employees or by U.S. nationals financed by the U.S. Government. Recipient employees of other nationalities are not affected by this policy. This policy is expected to change as security conditions improve inside Afghanistan. Eventually, the Recipient will be expected to establish operations, field headquarters and staff inside Afghanistan.

In this event, the Recipient will be required to establish its headquarters and headquarters staff inside Afghanistan. In the meantime, the Recipient, using Afghan and third country nationals, shall be expected to establish operations, field offices and implementation inside Afghanistan within the first year of the project, and maintain such until termination of the Agreement.

#### M. Short-Term Technical Assistance:

The following is an illustrative list of short-term positions and level of effort. In addition to the specific specialists described below, other short-term specialists may be needed from time to time during this Agreement. All short term technical assistants must be approved by the Agriculture and Agreement Officers prior to beginning work under this Agreement.

<u>Specialty</u>	<u>Number of Months</u>
1) Personnel related to assessing the feasibility of an independent Afghan entity	16
2) Structural/Civil Engineer	4
3) Irrigation Engineer	3
4) Agriculture Engineer	2
5) Training Specialist	3
6) Other	<u>15</u>
TOTAL	<u><u>43</u></u>

N. Local Hire Staff:

In addition to sufficient local support staff to maintain and run basic office facilities (i.e., secretaries, drivers, clerks, etc.), it is understood that the Recipient will need to maintain the existing project staff, with the exception of the agriculture staff, to implement this Agreement. Each ARS will have a maximum staff of eight (including one monitor), the Peshawar headquarters a maximum staff of 81 (including 11 monitors), and the Quetta office a maximum staff of eight (including two monitors). These staff levels can not be exceeded without prior approval of the Mission Agriculture Office.

The Recipient must be sensitive to political, party, ethnic, and tribal considerations in assembling teams that will work together with the essential degree of harmony.

All positions descriptions for local hire positions will be submitted by the Recipient to the Mission within 60 days after the effective date of the Agreement and must be approved by the Agriculture Officer.

O. Home Office Support

The Recipient will have three categories of personnel who will provide support from the home office: senior management (President, Vice President, Controller); technical backstop officer; and accountant.

Senior management will provide overall direction of the Cooperative Agreement, have substantive input into developing the implementation plans specified in this Agreement, in Peshawar, in consultations with the Recipient's Chief of Party and Agricultural Officer. The Controller is expected to develop the budgetary procedures required to meet A.I.D. regulations This will include regular collaboration with the Mission and the Chief of Party. The total support of the Senior Management is not to exceed 20 percent equivalent of one person's time.

The technical backstop officer will provide technical, administrative and logistical support required to carry out this Agreement from the Home Office. A position description and qualifications for the position will be developed and be presented to the Mission for review and approval within 30 days after the effective date of the Agreement. The total support of the technical backstop officer is not to exceed 50 percent equivalent of one person's time.

The accountant will carry out the day to day financial management and reporting requirements of the Agreement. Since this Agreement provides for a full time Financial Advisor/Accountant in Peshawar, a position description and position qualifications must be developed by the Recipient and presented to the Mission for review and approval within 30 days after the effective date of the Agreement. This position description needs to be developed taking into consideration the responsibilities of the Peshawar based Financial Advisor/ Accountant and justifying the amount of the time charged to this activity from the Recipient's headquarters. The total support of the accountant is not to exceed 20% of one person's time.

P. Co-Financing

It is anticipated that this Agreement will encourage United Nation's and other donors' funding to expand activities approved under this Agreement. UN and other donor funding could support inter alia infrastructure rehabilitation and technicians who would report directly to the Recipient's Chief of Party to ensure technical support, coordination and collaboration. The Scope of Work for U.N. or other donor funding must be designed to implement activities similar to those described in this Agreement and will be submitted to the Mission for review and approval.

Financial management and reporting of the activities financed by other donors will be separate from A.I.D.-funded activities.

Q. Other Provisions

1. Cooperation with Agriculture Sector Support Project (ASSP) Contractors

The Recipient will cooperate fully with other ASSP contractors in all matters of ASSP implementation.

2. Procurement Approvals

The Recipient shall submit procurement requests for written approval by the Agriculture Officer for all non-expendable items with a value exceeding \$1,000. The procurement of these items will be undertaken by the Mission's procurement contractor.

The following equipment and construction commodities comprise an illustrative list of procurement requirements and estimated costs.

<u>DESCRIPTION</u>	<u># OF UNITS</u>	<u>ESTIMATED UNIT COST</u>	<u>ESTIMATED TOTAL COST</u>
Vehicles: Pick ups double cab, 4 wheel drive	10	\$ 15,000	\$150,000
Motorcycles	30	2,500	75,000
Tractors with blades/ backhoes	16	20,000	320,000
Rollers for compaction	16	8,000	128,000
Gabion: 3mm galvanized iron wire, 100 lb. rolls	100	1,000	100,000
Cement, reinforcing bar, water pumps, polyethylene sheets, cables and other miscellaneous			100,000
Training and Surveying Equipment			<u>27,000</u>
TOTAL ESTIMATED PROCUREMENT			<u>\$ 900,000</u>

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MANDATORY STANDARD PROVISIONS FOR  
U.S., NONGOVERNMENTAL GRANTEES 1/  
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MANDATORY STANDARD PROVISIONS

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1/ When these Standard Provisions are used for cooperative agreements,  
the following terms apply:

"Grantee" means "Recipient"

"Grant" means "Cooperative Agreement," and

"A.I.D. Grants Officer" means "A.I.D. Agreement Officer"

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1. ALLOWABLE COSTS (NOVEMBER 1985)

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, any negotiated advance understanding on particular cost items, and the applicable\* cost principles in effect on the date of this grant.

\* NOTE: For Educational Institutions use OMB Circular A-21; for all other non-profits use OMB Circular A-122; and for profit making firms use FAR 31.2. and AIDAR 731.2.

2. ACCOUNTING, AUDIT, AND RECORDS (JANUARY 1988)

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

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

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

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

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

(5) Procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and the disbursement by the recipient, whenever funds are advanced by the Federal Government.

(6) Procedures for determining the reasonableness, allowability, and allocability of costs in accordance with the provisions of the applicable Federal cost principles and the terms of the grant.

(7) Accounting records that are supported by documentation that at a minimum will identify, segregate, accumulate, and record all costs incurred under a grant and which fully disclose (i) the amount and disposition by the grantee of the proceeds of such assistance, (ii) the

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

(8) Examinations in the form of audits or internal audits shall be made by qualified individuals that are sufficiently independent of those that authorize the expenditure of A.I.D. funds, to produce unbiased opinions, conclusions, or judgments. They shall meet the independence criteria along the lines of Chapter IV, Part B of the U.S. General Accounting Office Publication Standards for Audit of Governmental Organizations, Programs, Activities, and Functions (1981 Revision). These examinations are intended to ascertain the effectiveness of the financial management systems and internal procedures that have been established to meet the terms and conditions of the grant. It is not intended that each grant awarded to the grantee be examined. Generally, examinations should be conducted on an organization-wide basis to test the fiscal integrity of financial transactions, as well as compliance with the terms and conditions of the A.I.D. grant. Such tests would include an appropriate sampling of Federal grants and agreements. Examinations will be conducted with reasonable frequency, on a continuing basis or at scheduled intervals, usually annually, but not less frequently than every two years. A copy of the audit report shall be furnished to the A.I.D. grant officer who shall submit it to A.I.D.'s Regional Inspector General for Audit. The frequency of these examinations shall depend upon the nature, size, and the complexity of the activity. These grantee self-examinations do not relieve A.I.D. of its audit responsibilities, but may affect the frequency and scope of such audits.

(9) A systematic method to ensure timely and appropriate resolution of audit findings and recommendations.

(b) The grantee shall preserve and make available such records for examination and audit by A.I.D. and the Comptroller General of the United States, or their authorized representatives:

(1) until the expiration of three years from the date of termination of the grant;

(2) for such longer period, if any, as is required to complete an audit to resolve all questions concerning expenditures unless written approval has been obtained from the grant officer to dispose of the records. A.I.D. follows generally accepted accounting practices in determining that there has been proper accounting and use of grant funds. The grantee agrees to make available any further information requested by A.I.D. with respect to any questions arising as a result of the audit; and

(3) If any litigation, claim, or audit is started before the expiration of the three year period, the records shall be retained until all litigations, claims or audit findings involving the records have been resolved.

(c) The grantee shall require subrecipients to adopt the standards in paragraphs (a) and (b) above except that portion of subparagraph (a) 1 that would require specific financial reporting forms and frequencies in accordance with the payment provisions of the grant.

### 3 REFUNDS (JANUARY 1988)

(a) The grantee shall remit to A.I.D. all interest earned on funds provided by A.I.D. at least quarterly, except that interest amounts up to \$100 per year may be retained by the grantee for administrative expense.

(b) Funds obligated by A.I.D. but not disbursed to the grantee at the time the grant expires or is terminated shall revert to A.I.D., 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 and not encumbered by a legally binding transaction applicable to this grant at the time of expiration or termination of the grant shall be refunded to A.I.D.

(c) If, at any time during the life of the grant, or as a result of final audit, it is determined by A.I.D. 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 A.I.D.

### 4. REVISION OF GRANT BUDGET (NOVEMBER 1985)

(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 the following reasons:

(1) Changes in the scope or the objectives of the program and/or revisions in the funding allocated among program objectives.

(2) The need for additional funding.

(3) The grantee expects the amount of A.I.D. authorized funds to exceed its needs by more than \$5,000 or five percent of the A.I.D. 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 substantive programmatic work under this grant, and such contracts or subgrants were not included in the approved grant budget.

(6) The grantee plans to incur an expenditure which would require advance approval in accordance with the applicable Federal cost principles and was not included in the approved grant budget.

(7) The grantee plans to transfer funds allotted for training allowances to other categories of expense.

(c) When requesting approval for budget revisions, the grantee shall use the budget formats that were used in the application unless a letter request will suffice.

(d) Within 30 calendar days from the date of the receipt of the request for budget revisions, the grant officer shall review the request and notify the grantee whether the budget revisions have been approved. If the revisions are still under consideration at the end of 30 calendar days, the grant officer shall inform the grantee in writing of the date when the grantee may expect the decision. The grant officer shall obtain the project officer's clearance on all such requests prior to communication with the grantee.

(e) If the requested budget revision requires the obligation of additional funding, and, if after notification pursuant to this standard provision, A.I.D. determines not to provide additional funds, the A.I.D. grant officer will, upon written request of the grantee, terminate this grant pursuant to the standard provision of this grant, entitled "Termination and Suspension."

(f) 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 in such notice the new obligated 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 Changed Circumstances. If at any time A.I.D. 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 A.I.D. 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 A.I.D. 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 A.I.D. 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 (MARCH 1987)

(a) Any dispute under this grant shall be decided by the A.I.D. grant officer. The grant officer shall furnish the grantee a written copy of the decision.

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

(c) In order to facilitate review on the record by the Associate Assistant to the Administrator for Management, the grantee shall be given an opportunity to submit written evidence in support of its appeal. No hearing will be provided.

(d) A decision under this provision by the Associate Assistant to the Administrator for Management shall be final.

7. INELIGIBLE COUNTRIES (MAY 1986)

Unless otherwise approved by the A.I.D. grant officer, no funds will be expended for assistance to countries ineligible for assistance under the Foreign Assistance Act of 1961, as amended, or under acts appropriating funds for foreign assistance.

8. DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS (MARCH 1989)

(1) The grantee certifies to the best of its knowledge and belief, that it and its principals:

(a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;

(b) Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(c) Are not presently indicated for or otherwise criminally or civilly charged by a government entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and

(d) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.

(2) The grantee agrees that, unless authorized by the Grant Officer, it will not knowingly enter into any subagreements or contracts under this grant with a person or entity that is included on the "Lists of Parties Excluded from Federal Procurement or Nonprocurement Programs". The grantee further agrees to include the following provision in any subagreements or contracts entered into under this grant:

DEBARMENT, SUSPENSION, INELIGIBILITY, AND VOLUNTARY EXCLUSION (MARCH 1989).

The recipient/contractor certifies that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

(3) The policies and procedures applicable to debarment, suspension and ineligibility under AID-financed transactions are set forth in 22 CFR Part 208.

9. NONDISCRIMINATION (MAY 1986)

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.

10. 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.

11. NONLIABILITY (NOVEMBER 1985)

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

12. 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.

13. NOTICES (NOVEMBER 1985)

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

To the A.I.D. 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.

OPTIONAL STANDARD PROVISIONS FOR  
U.S., NONGOVERNMENTAL GRANTEES

The following standard provisions are required to be used when applicable. Applicability statements are contained in the parenthetical statement preceding the standard provision. When a standard provision is determined to be applicable in accordance with the applicability statement, the use of such standard provision is mandatory unless a deviation has been approved in accordance with Paragraph 1E of Chapter 1 of Handbook 13. Each grant is required to have a payment provision. Check off the optional standard provisions which are included in the grant. Only those standard provisions which have been checked off are included physically within this grant.

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1. PAYMENT - PERIODIC ADVANCE (JANUARY 1988)

(This provision is applicable when the conditions for use of letter of credit cannot be met (including those pertaining to mixed dollar and local currency advances) and when the grantee meets the requirements of paragraph 1.0.6 of Handbook 13.)

(a) Periodic advances shall be limited to the minimum amounts needed to meet current disbursement needs and shall be scheduled so that the funds are available to the grantee as close as is administratively feasible to the actual disbursements by the grantee for program costs. Cash advances made by the grantee to secondary recipient organizations or the grantee's field organizations shall conform substantially to the same standards of timing and amount as apply to cash advances by AID to the grantee.

(b) Grantees shall maintain advances in interest bearing accounts. Advances of A.I.D. funds to subgrantees shall be maintained in interest bearing accounts.

(c) Grantees shall submit requests for advances at least monthly on SF-270, "Request for Advance or Reimbursement," in an original and two copies, to the address specified in the Schedule of this grant.

(d) The grantee shall submit one copy of SF-272, "Federal Cash Transactions Report," 15 working days following the end of each quarter to the payment office address specified in the schedule. Grantees receiving advances totaling more than \$1 million per year shall submit SF-272 on a monthly basis within 15 working days following the close of the month. Grantees shall report in the Remarks section of SF-272 the amount of cash advances in excess of thirty days requirement in the hands of subrecipients or the grantee's overseas field organizations and shall provide short narrative explanations of actions taken by the grantee to reduce the excess balances.

(e) A "Financial Status Report," SF-269, shall be prepared on an accrual basis by the grantee and submitted quarterly no later than 30 days after the end of the period in an original and two copies to the payment office specified in the schedule. 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 SF-269 must be submitted to the payment office within 90 days after the conclusion of the grant.

(f) If at any time, the A.I.D. Controller determines that the grantee has demonstrated an unwillingness or inability to: (1) establish procedures that will minimize the time elapsing between cash advances and the disbursement thereof, (2) timely report cash disbursements and balances as required by the terms of the grant, and (3) impose the same standards of timing of advances and reporting on any subrecipient or any of the grantee's overseas field organizations; the A.I.D. Controller shall advise the grant officer who may suspend or revoke the advance payment procedure.

(END OF STANDARD PROVISION)

## 2. AIR TRAVEL AND TRANSPORTATION (NOVEMBER 1985)

(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 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 A.I.D.'s option, be funded from U.S.-owned local currency. When A.I.D. intends to exercise this option, A.I.D. 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 A.I.D. 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 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 reimburseable under this grant.

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

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

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

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

(f) Except as provided in paragraph (b) of this section, U.S. flag air carrier service must be used for all Government-financed commercial foreign air travel if service provided by such carriers is available. In determining availability of a U.S. flag air carrier, the following scheduling principles should be followed unless their application results in the last or first leg of travel to or from the United States being performed by 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 United States, if the use of a U.S. flag air carrier would extend the time in a travel status by at least six hours more than travel by foreign air carrier including accelerated arrival at the overseas destination or delayed departure from the overseas origin as well as delay at the gateway airport or other interchange point abroad; or

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

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

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

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

"CERTIFICATION OF UNAVAILABILITY OF U.S. FLAG AIR CARRIERS. I hereby certify that the transportation service for personnel (and their personal effects) or property by certificated air carrier was unavailable for the following reason(s)." (State appropriate reason(s) as set forth above).

(1) International Travel

(1) 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.

(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 subgrants and contracts which require air travel and transportation under this grant.

(END OF STANDARD PROVISION)

### 3. 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 A.I.D. Transportation 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."

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

(END OF STANDARD PROVISION)

### 4. PROCUREMENT OF GOODS AND SERVICES (NOVEMBER 1985)

(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 A.I.D.'s requirements listed below and the standard provision entitled "A.I.D. 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 A.I.D. funds. No employee, officer or agent shall participate in the selection, award or administration of a contract in which A.I.D. funds are used, where, to that individual's knowledge, the individual or the individual's immediate family, partners, or organization in which the individual or the individual's immediate family or partners has a financial interest or with whom that individual is negotiating or has any arrangement concerning prospective employment. The recipients' officers, employees or agents shall neither solicit nor accept gratuities, favors or anything of monetary value from contractors or potential contractors. Such standards shall provide for disciplinary actions to be applied for violations of such standards by the recipients' officers, employees or agents.

(2) All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. The recipient should be alert to organizational conflicts of interest or noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, invitations for bids and/or requests for proposals should be excluded from competing for such procurements. Awards shall be made to the bidder/offeror whose bid/offer is responsive/responsible to the solicitation and is most advantageous to the recipient, price and other factors considered. Solicitations shall clearly set forth all requirements that the bidder/offeror must fulfill in order to be evaluated by the recipient. Any and all bids/offers may be rejected when it is in the recipient's interest to do so.

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

(i) Proposed procurement actions shall follow a procedure to assure the avoidance of purchasing unnecessary or duplicative items. Where appropriate, an analysis shall be made of lease and purchase alternatives to determine which would be the most economical practical procurement.

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

(iii) Positive efforts shall be made by the recipients to utilize small business and minority-owned business sources of supplies and services. Such efforts should allow these sources the maximum feasible opportunity to compete for contracts utilizing A.I.D. funds. To permit A.I.D., in accordance with the small business provisions of the Foreign Assistance Act of 1961, as amended, to give United States small business firms an opportunity to participate in supplying commodities and services procured under this grant, the grantee shall to the maximum extent possible provide the following information to the Office of Small Disadvantaged Business Utilization, A.I.D., Washington, D.C. 20523, at least 45 days prior (except where a shorter time is requested of and granted by the Office of Small and Disadvantaged Business Utilization) to placing any order or contract in excess of \$25,000:

- (A) Brief general description and quantity of goods or services;
- (B) Closing date for receiving quotations, proposals, or bids; and
- (C) Address where solicitations or specifications can be obtained.

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

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

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

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

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

(A) Basis for contractor selection;

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

(C) Basis for award cost or price.

(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 shall contain, in addition to provisions to define a sound and complete contract, the following contract provisions, if applicable, as well as any provision within this grant which requires such inclusion of that provision. Whenever a provision is required to be inserted in a contract under this grant, the grantee shall insert a statement in the contract that in all instances where the U.S. Government or A.I.D. is mentioned the grantee's name shall be substituted.

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

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

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

(4) All contracts awarded by the grantee or subgrantee to be performed in the United States having a value of more than \$10,000, shall contain a provision requiring compliance with Executive Order 11246, entitled "Equal Employment Opportunity," as amended, and as supplemented in Department of Labor Regulations (41 CFR, Part 60).

(5) All contracts and subgrants in excess of \$2,000 for construction or repair to be performed in the United States awarded by the grantee or subgrantee shall include a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor Regulations (29 CFR, Part 3). This Act provides that each contractor or subgrantee shall be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which that individual is otherwise entitled. The grantee shall report all suspected or reported violations to A.I.D.

(6) When required by the Federal program legislation, all construction contracts to be performed in the United States awarded by the grantee or subgrantee of more than \$2,000 shall include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 276a to a-7) as supplemented by Department of Labor Regulations (29 CFR, Part 5). Under this Act, contractors shall be required to pay wages to laborers and mechanics at a rate not less than the minimum wages specified in a wage determination made by the Secretary of Labor. In addition, contractors shall be required to pay wages not less than once a week. The grantee shall place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation and the award of a contract shall be conditioned upon the acceptance of the wage determination. The grantee shall report all suspected or reported violations to A.I.D.

(7) Where applicable, all contracts awarded by the grantee or subgrantees in excess of \$2,000 for construction contracts to be performed in the United States and its territories and in excess of \$2,500 for other contracts that involve the employment of mechanics or laborers, shall include a provision for compliance with sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) as supplemented by Department of Labor Regulations (29 CFR, Part 5). Under section 103 of the Act, each contractor shall be required to compute the wages of every mechanic and laborer on the basis of a standard work day of 8 hours and a standard workweek of 40 hours. Work in excess of the standard workday or workweek is permissible provided that the worker is compensated at a rate of not less than 1 1/2 times the basic rate of pay for all hours worked in excess of 8 hours in any calendar day or 40 hours in the workweek. Section 107 of the Act is applicable to construction work and provides that no laborer or mechanic shall be required to work in surroundings or under working conditions that are unsanitary, hazardous, or dangerous to the worker's health and safety as determined under construction safety and health standards promulgated by the Secretary of Labor. These requirements do not apply to the purchases of supplies of materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

(8) 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.

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

(10) Contracts in excess of \$100,000 to be performed in the United States shall contain a provision that requires the contractor to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act of 1970 (42 U.S.C. 7401) and the Federal Water Pollution Control Act (40 CFR 15) as amended. Violations shall be reported to A.I.D. and the Regional Office of the Environmental Protection Agency.

(11) Contracts which require performance outside the United States shall contain a provision requiring Workmen's Compensation Insurance (42 U.S.C. 1651, et seq.). As a general rule, Department of Labor waivers will be obtained for persons employed outside the United States who are not United States citizens or residents provided adequate protection will be given such persons. The grantee should refer questions on this subject to the A.I.D. grant officer.

(END OF STANDARD PROVISION)

5. A.I.D. ELIGIBILITY RULES FOR GOODS AND SERVICES (NOVEMBER 1985)

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

(a) Ineligible and Restricted Goods and Services: If A.I.D. 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 A.I.D. the entire amount of the reimbursement. A.I.D.'s policy on ineligible and restricted goods and services is contained in Chapter 4 of AID Handbook 1, Supplement B, entitled "Procurement Policies".

(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 firms or individuals whose name appears on the A.I.D. Consolidated List of Debarred, Suspended, and Ineligible Awardees under A.I.D. Regulation 8, entitled "Debarment, Suspension and Ineligibility" (22 CFR 208). A.I.D. will provide the grantee with a copy of 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) Rubber 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 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. A.I.D. policies and definitions on source, origin, and nationality are contained in Chapters 4 and 5 of A.I.D. Handbook 1, Supplement B, entitled "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., A.I.D. Geographic Code 935) in accordance with the following order of preference:

- (A) The United States (A.I.D. Geographic code 000),
- (B) The Cooperating Country,
- (C) "Selected Free World" countries (A.I.D. Geographic Code 941), and
- (D) "Special Free World" countries (A.I.D. 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 A.I.D.-financed procurement against any marine insurance company authorized to do business in the U. S., then any A.I.D.-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 A.I.D. 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 (A.I.D. Geographic Code 000),
  - (2) The Cooperating Country,
  - (3) "Selected Free World" countries (A.I.D. Geographic Code 941),
- and
- (4) "Special Free World" countries (A.I.D. Geographic Code 899).

(f) Special Restrictions on the Procurement of Construction or Engineering Services: Section 604(g) of the Foreign Assistance Act provides that A.I.D. 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)

#### 6. SUBAGREEMENTS (NOVEMBER 1985)

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

(a) Funds provided under this grant shall not be used to support any subrecipient whose name appears on the A.I.D. Consolidated List of Debarred, Suspended, or Ineligible Awardees under A.I.D. Regulation 8, entitled "Debarment, Suspension and Ineligibility" (22 CFR 208). A.I.D. 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 the U.S. Government 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) 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.

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

(END OF STANDARD PROVISION)

7. LOCAL COST FINANCING (NOV. 1988)

(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 manufacturers, 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 items are eligible for financing under the following situations: (1) Imported items available in the cooperating country which otherwise meet the source/origin requirements of the grant may be financed in unlimited quantities, regardless of dollar value, up to the total amount available for local procurement under the terms of the grant agreement. (2) Imported items from Geographic Code 941 countries which are available in the cooperating country can be funded in unlimited quantities, regardless of dollar value, up to the total amount available for local procurement under the terms of the grant. (3) Imported items from any Free World country which are available locally, are imported specifically for the grant, may be financed if the cost of the transaction, excluding the cost of the transportation, does not exceed the local currency equivalent of \$5000.

(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) The supplier must be located in the cooperating country and must be of cooperating country nationality as defined in A.I.D. Handbook 1B, Chapter 5.

(3) Any component from a country not included in A.I.D. 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:

- (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 A.I.D.'s Consolidated List of Debarred, Suspended, or Ineligible Awardees (A.I.D. Regulation 8, (22 CFR 208)). A.I.D. will provide the grantee with this list upon request.

(e) Restricted Goods: The grantee 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 A.I.D. 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 A.I.D. the entire amount of the reimbursement.

(END OF STANDARD PROVISION)

## 8. PATENT RIGHTS (NOVEMBER 1985)

(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 at 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)) 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. 203. With respect to any subject invention in which the recipient retains title, the Federal Government shall have a non-exclusive, non-transferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States the subject invention throughout the world.

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

(1) The recipient shall disclose each subject invention to A.I.D. within two months after the inventor discloses it in writing to recipient personnel responsible for patent matters. The disclosure to A.I.D. 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 the 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 A.I.D. the recipient shall promptly notify A.I.D. of the acceptance of any manuscript describing the invention for publication or of any on sale or public use planned by the recipient.

(2) The recipient shall elect in writing whether or not to retain title to any such invention by notifying A.I.D. 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 A.I.D. 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 ten months of the corresponding initial patent application or six months from the date permission is granted by the Commissioner of Patents and Trademarks to file foreign patent applications where such filing has been prohibited by a Secrecy Order.

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

(d) Conditions When the Government May Obtain Title: The recipient shall convey to A.I.D. upon written request, title to any subject invention:

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

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

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

(e) Minimum Rights to Recipient:

(1) The recipient shall retain a nonexclusive, royalty-free license throughout the world in each subject invention to which the Government obtains title except if the recipient fails to disclose the subject invention within the times 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 sublicenses of the same scope to the extent the recipient was legally obligated to do so at the time the agreement was awarded. The license is transferable only with the approval of A.I.D. 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 A.I.D. 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 A.I.D. to the extent the recipient, its licensees, or its domestic subsidiaries or affiliates have failed to achieve practical application in that foreign country.

(3) Before revocation or modification of the license, A.I.D. 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 A.I.D. for good cause shown by the recipient) after the notice to show cause why the license should not be revoked or modified. The recipient has the right to appeal, in accordance with applicable agency licensing regulations (if any) and the Federal Property Management Regulations concerning the licensing of Government-owned inventions, any decision concerning the revocation or modification of its license.

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

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

(2) The recipient agrees to require, by written agreement, its employees, other than clerical and nontechnical employees, to disclose promptly in writing to personnel identified as responsible for the administration of patent matters and in a format suggested by the recipient each subject invention made under agreement in order that the recipient can comply with the disclosure provisions of paragraph (c) above, and to execute all papers necessary to file patent applications on subject inventions and to establish the Government'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 A.I.D. of any decision not to continue the prosecution of a patent application, pay maintenance fees, or defend in a reexamination or opposition proceeding on a patent, in any country, not less than 30 days before the expiration of the response period required by the relevant patent office.

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

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

(h) Reporting Utilization of Subject Inventions: The recipient agrees to submit on request periodic reports no more frequently than annually on the utilization of a subject invention or on efforts at obtaining such utilization that are being made by the recipient or its licensees or assignees. Such reports shall include information regarding the status

of development, date of first commercial sale or use, gross royalties received by the recipient, and such other data and information as A.I.D. may reasonably specify. The recipient also agrees to provide additional reports as may be requested by A.I.D. in connection with any march-in proceedings undertaken by A.I.D. in accordance with paragraph (j) of this provision. To the extent data or information supplied under this section is considered by the recipient, its licensee or assignee to be privileged and confidential and is so marked, A.I.D. agrees that, to the extent permitted by law, it shall not disclose such information to persons outside the Government.

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

(j) March-in Rights: The recipient agrees that with respect to any subject invention in which it has acquired title, A.I.D. has the right to require the recipient, an assignee or exclusive licensee of a subject invention to grant a non-exclusive, partially exclusive, or exclusive license in any field of use to a responsible applicant or applicants, upon terms that are reasonable under the circumstances, and if the recipient, assignee, or exclusive licensee refuses such a request, A.I.D. has the right to grant such a license itself if A.I.D. determines that:

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

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

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

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

(k) Special Provisions for Agreements with Nonprofit Organizations: If the recipient is a nonprofit organization, it agrees that:

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

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

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

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

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

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

(1) Communications: Communications concerning this provision shall be addressed to the grant officer at the address shown in this agreement.

(END OF STANDARD PROVISION)

9. PUBLICATIONS (NOVEMBER 1985)

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

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

(b) The grantee shall provide the A.I.D. 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 A.I.D. 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)

10. NEGOTIATED INDIRECT COST RATES - PROVISIONAL (MAY 1986)

(This provision is applicable to any organization which does not have predetermined indirect cost rate(s); however, it shall also be included when the NEGOTIATED INDIRECT COST RATES - PREDETERMINED standard provision is used.)

(a) A provisional indirect cost rate(s) shall be established for each of the grantee's accounting periods during the term of this grant. Pending establishment of a final rate(s), the parties have agreed that provisional payments on account of allowable indirect costs shall be at the rate(s), on the base(s), and for the periods shown in the schedule of this grant.

(b) Not later than 90 days after the close of the grantee's fiscal year, the grantee shall submit to the cognizant Government Audit Activity in accordance with OMB Circular A-88 proposed final indirect cost rate(s) and supporting cost data. In the event A.I.D. is the cognizant agency or no cognizant agency has been designated, the grantee shall submit a copy of the proposed final indirect cost rate(s) and supporting cost data to the A.I.D. Inspector General, Washington, D.C. 20523, and to the Overhead and Special Costs - Contract Closeout Branch, Office of Procurement, Washington, D.C. 20523. The proposed rate(s) shall be based on the grantee's actual cost experience during that fiscal year. Negotiations of final indirect cost rate(s) shall begin as soon as practical after receipt of the grantee's proposal.

(c) Allowability of costs and acceptability of cost allocation methods shall be determined in accordance with the applicable cost principles in effect on the date of this grant.

(d) The results of each negotiation shall be set forth in a written indirect cost rate agreement executed by both parties. Such agreement 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 rate(s) apply. The indirect cost rate agreement shall not change any monetary ceiling, grant obligation, or specific cost allowance or disallowance provided for in this grant.

(e) Pending establishment of final indirect cost rate(s) for any period, the grantee shall be reimbursed either at negotiated provisional rate(s) as provided above or at billing rate(s) acceptable to the grant officer, subject to appropriate adjustment when the final rate(s) for that period are established. To prevent substantial over or under payment, the provisional or billing rate(s) may, at the request of either party, be revised by mutual agreement, either retroactively or prospectively. Any such revision of negotiated provisional rate(s) provided in this standard provision shall be set forth in a modification to this grant.

(f) Any failure by the parties to agree on final rate(s) under this standard provision shall be considered a dispute within the meaning of the standard provision of this grant entitled "Disputes" and shall be disposed of in accordance therewith.

(END OF STANDARD PROVISION)

11. REGULATIONS GOVERNING EMPLOYEES (NOVEMBER 1985)

(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 A.I.D. 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 A.I.D. Mission Director and the employee involved and shall recommend to the grantee a course of action with regard to such employee.

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

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

(END OF STANDARD PROVISION)

12. TITLE TO AND CARE OF PROPERTY (U.S. GOVERNMENT TITLE) (NOVEMBER 1985)

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

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

(b) Use of Government Property: Government property shall, unless otherwise provided herein or approved by the grant officer, be used only for the performance of this grant.

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

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

(2) The grantee shall submit, for review and written approval of the grant officer, a records system for property control and a program for orderly maintenance of Government property; however, if the grantee's property control and maintenance system has been reviewed and approved by another Federal department or agency pursuant to Attachment N of OMB Circular No. A-110, the grantee shall furnish the grant officer proof of such approval in lieu of another approval submission.

(3) Property Control: The property control system shall include but not be limited to the following:

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

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

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

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

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

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

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

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

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

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

(iii) recording of work accomplished under the program:

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

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

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

(d) Risk of Loss:

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

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

(ii) Which results from a failure on the part of the grantee, due to the willful misconduct or lack of good faith on the part of any of its directors, officers, or other representatives mentioned in (i) above:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(g) Communications: All communications issued pursuant to this provision shall be in writing.

(END OF STANDARD PROVISION)

### 13. COST SHARING (MATCHING) (NOVEMBER 1985)

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

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

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

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

(2) Project costs financed with cash contributed or donated to the grantee by other non-Federal public agencies (may include public international organizations or foreign governments) 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 share (match) should be reasonable and should not exceed the market value of the property at the time of the donation.

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

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

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

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

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

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

(B) Nonexpendable personal property: The value of donated nonexpendable personal property shall not exceed the fair market value of equipment and property of the same age and condition at the time of donation.

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

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

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

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

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

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

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

(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 A.I.D. grant funds set forth in the standard provisions of this grant are applicable to expenditures incurred with A.I.D. funds provided under this grant. The grantee will account for the A.I.D. funds in accordance with the standard provision of this grant entitled "Accounting, Audit, and Records".

(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 A.I.D. 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)

#### 14. USE OF POUCH FACILITIES. (NOVEMBER 1985)

(This provision is applicable when activities under the grant will take place outside of the United States.)

(a) Use of diplomatic pouch is controlled by the Department of State. The Department of State has authorized the use of pouch facilities for A.I.D. grantees and their employees as a general policy, as detailed in items (1) through (6) below. However, the final decision regarding use

of pouch facilities rests with the Embassy or A.I.D. Mission. In consideration of the use of pouch facilities, the grantee and its employees agree to indemnify and hold harmless, the Department of State and A.I.D. for loss or damage occurring in pouch transmission:

(1) Grantees and their employees are authorized use of the pouch for transmission and receipt of up to a maximum of two pounds per shipment of correspondence and documents needed in the administration of assistance programs.

(2) U.S. citizen employees are authorized use of the pouch for personal mail up to a maximum of one pound per shipment (but see (a)(3) below).

(3) Merchandise, parcels, magazines, or newspapers are not considered to be personal mail for purposes of this standard provision and are not authorized to be sent or received by pouch.

(4) Official and personal mail pursuant to (a)(1) and (2) above sent by pouch should be addressed as follows:

Name of individual or organization (followed by  
letter symbol "G")  
Name of post (USAID/  
Agency for International Development  
Washington, D.C. 20523 )

(5) Mail sent via the diplomatic pouch may not be in violation of U.S. Postal laws and may not contain material ineligible for pouch transmission.

(6) A.I.D. grantee personnel are not authorized use of military postal facilities (APO/FPO). This is an Adjutant General's decision based on existing laws and regulations governing military postal facilities and is being enforced worldwide. Posts having access to APO/FPO facilities and using such for diplomatic pouch dispatch, may, however, accept the grantee's official and personal mail for pouch, provided of course, adequate postage is affixed.

(b) The grantee shall be responsible for advising its employees of this authorization, these guidelines, and limitations on use of pouch facilities.

(c) Specific additional guidance on grantee use of pouch facilities in accordance with this standard provision is available from the Post Communication Center at the Embassy or A.I.D. Mission.

(END OF STANDARD PROVISION)

15. CONVERSION OF UNITED STATES DOLLARS TO LOCAL CURRENCY (NOVEMBER 1985)

(This provision is applicable when activities under the grant will take place outside of the United States.)

Upon arrival in the Cooperating Country, and from time to time as appropriate, the grantee's chief of party shall consult with the Mission Director who shall provide, in writing, the procedure the grantee and its employees shall follow in the conversion of United States dollars to local currency. This may include, but is not limited to, the conversion of currency through the cognizant United States Disbursing Officer or Mission Controller, as appropriate.

(END OF STANDARD PROVISION)

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