



September 28, 1990

Dr. Melvyn Copen  
Rector  
INSTITUTO CENTROAMERICANO DE  
ADMINISTRACION DE EMPRESAS (INCAE)  
Campus La Garita  
Apartado 960-4050  
Alajuela, Costa Rica



Subject: Cooperative Agreement No. 518-0089-A-00-0264-00

Dear Dr. Copen:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A.I.D." or "Grantor") hereby grants to the Instituto Centroamericano de Administracion de Empresas (hereby referred to as "INCAE" or "Recipient") the sum of \$2,450,492 to support a program for establishing a process and mechanism for informal macroeconomic policy dialogue and discussion in Ecuador, as described in the Schedule of this Cooperative Agreement and the Attachment 2, entitled "Program Description."

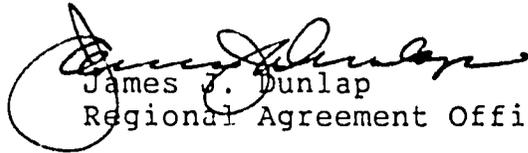
This Cooperative Agreement is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Recipient in furtherance of program objectives during the period beginning with the effective date and ending September 30, 1994.

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

DUPLICATE  
ORIGINAL

Please sign the original and each copy of this letter to acknowledge your receipt of the Cooperative Agreement. Return the original and all but one copy to the Regional Contracting Office, Quito, Ecuador.

Sincerely yours,

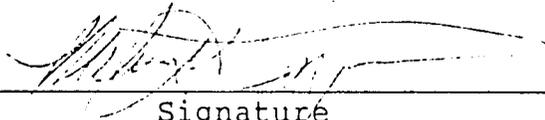
  
James J. Dunlap  
Regional Agreement Officer

Attachments:

- 1. Schedule
- 2. Program Description
- 3. Standard Provisions

ACKNOWLEDGED:

INSTITUTO CENTROAMERICANO DE ADMINISTRACION DE EMPRESAS (INCAE)

BY:   
Signature

NAME: Dr. Melvyn Copen

Title: Rector

Date: 11 de octubre de 1990

FISCAL DATA

PIO/T No:	518-0089-3-09091		
Appropriation:	Budget Plan Code:	Amount Obligated	RCN
72-1101021	LDSA-90-25518-KG13	\$ 554,218	P090148
72-11X1021	LDSX-90-25518-KG13	160,782	P090149
72-1101021	LDEA-90-25518-JG13	419,350	P090150
72-11X1021	LDEX-90-25518-KG13	<u>1,316,142</u>	P090151
Total Amount Obligated:	\$2,450,492		
Total Estimated Amount:	\$2,800,000		

Funding Source: A.I.D./W \_\_\_\_\_ USAID   X  

8

SCHEDULE

A. Purpose of Cooperative Agreement

The purpose of this Agreement is to support the Recipient's efforts to establish a process and a mechanism for informed macroeconomic policy dialogue and discussion, based on knowledge, analysis, implications and advantages of outward- and market-oriented policy reform in the medium- to long-term.

B. Period of Agreement

1. The effective date of this Agreement is the signature date on the cover letter. The expiration date of this Cooperative Agreement is September 30, 1994.

2. Funds obligated hereunder are available for program expenditures for the estimated period as of the cover letter date to approximately December 31, 1993 as shown in the cooperative agreement budget below.

3. Notwithstanding the effective date, preagreement expenses not to exceed \$32,500 are authorized to be charged to this cooperative agreement. Such expenses are included in the Agreement Budget, below.

C. Amount of Agreement and Payment

1. The total estimated amount of this Cooperative Agreement for the period shown in B.1 above is \$2,800,000.

2. A.I.D. hereby obligates the amount of \$2,450,492 for program expenditures during the period set forth in B.2. above and as shown in the cooperative agreement budget below.

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

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

D. Agreement Budget

1. The following is the Cooperative Agreement Budget, including local cost financing items. Revisions to this budget shall be made in accordance with the Standard Provision of this Cooperative Agreement, entitled "Revision of Grant Budget."

2)

AGREEMENT BUDGET (2)

<u>Category</u>	<u>Amount Obligated Eff Date -12/31/93</u>	<u>Balance to be Obligated</u>	<u>Total USAID</u>
Personnel	\$888,950	\$149,508	\$1,038,458
Training	743,425	-0-	743,425
Commodities	34,200	-0-	34,200
Other Direct Costs	95,327	-0-	<u>95,327</u>
Subtotal			\$1,911,410
Overhead	388,590	-0-	388,590
Evaluation/Audits	10,000	66,000	76,000
Project Economist (1)	<u>290,000</u>	<u>134,000</u>	<u>424,000</u>
Total Estimated Cost	\$2,450,492	\$349,508	\$2,800,000 (3)

Notes (1) To be administered directly by USAID.

(2) An additional monetary contribution to the project - ESF local currencies - may occur, total approximately \$800,000. This would raise the total program budget to \$3,600,000.

(3) Local financing is authorized. Specific approvals on foreign versus local currency programming within the context of this summary budget will be formalized in implementation letters.

E. Reporting and Evaluation

1. Financial Reporting

a. Financial reporting requirements shall be in accordance with the Standard Provision of this Cooperative Agreement entitled "Payment - Periodic Advance" as shown in Attachment 3.

b. The original and two copies of all financial reports shall be submitted to the AID Project Officer, Quito. In addition, two copies of all financial reports shall be submitted to the Office of the Controller, USAID/Ecuador. The recipient shall provide USAID/Ecuador with a copy of its yearly institutional financial audit.

- 4

## 2. Program Performance Reporting

a. The recipient shall meet on a quarterly basis with the AID Project Officer in order to provide progress reports. The Recipient will also submit the mid-term review (September 1992) in accordance with guidelines contained in Paragraph V of the Program Description. The final evaluation (August 1994) will be performed by an independent organization. The progress reports should briefly present the following information.

(1) A comparison of actual accomplishments with the goals established for the period. These periodic comparisons will form the "building blocks" of the final assessment that INCAE has agreed to compile (in addition to contracting an independent organization to perform a thorough final evaluation). The assessment and progress reports will detail the lessons learned in the dialogue process about those affected (positively or negatively) by structural reforms and will describe the dynamics of policy reform in the Ecuadorian context.

(2) Reasons why established goals were not met.

(3) Other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

b. Between the required performance reporting dates, events may occur that have significant impact upon the program. In such instances, the Recipient shall inform AID as soon as the following types of conditions become known:

(1) Problems, delays, or adverse conditions that will materially affect the ability to attain program objectives, prevent the meeting of time schedules and goals, or preclude the attainment of project work units by established time periods. This disclosure shall be accompanied by a statement of the action taken, or contemplated, and any AID assistance needed to resolve the situation.

(2) Favorable developments or events that enable time schedules to be met sooner than anticipated or more work units to be produced than originally projected.

c. If any performance review conducted by the Recipient discloses the need for change in the budget estimates in accordance with the criteria established in the Standard Provision of this Agreement entitled "Revision of Grant Budget", the recipient shall submit a request for budget revision.

### 3. Evaluation

The end-of-project evaluation will be conducted by an independent organization acceptable to both the Recipient and AID. Final evaluation shall be completed not later than 30 days after program completion date, and shall contribute to the Mission's project completion report.

#### F. Substantial Involvement Understandings

This Agreement provides for substantial AID involvement in the following ways:

1. As delineated in the Revised Implementation Plan (Attachment 2), after conducting informal workshops and meetings and policy formulation/consensus building workshops under component #1 (Policy Dialogue) INCAE will develop and present to AID a strategy paper. This strategy paper will define precisely the following points: (1) the priority policy areas to be addressed in the macroeconomic seminars; (2) the emphases of the four structural reform/public policy seminars (derived from a thorough study of the strategy, recommendations, and arguments of the four PD&S-funded structural reform studies); and (3) the groups or individuals which will be targeted for each seminar or workshop. AID will review and approve this strategy paper before any further activities under either component #1 (policy dialogue) or component #2 (Leader Training in Economics) are undertaken.

2. As delineated in the proposal (and the Revised Implementation Plan, Attachment 2), INCAE will conduct diagnostic seminars prior to beginning activities under component #3, University Training in Economics. INCAE will consult with AID regarding the results of the diagnostic seminars, and a strategy for the subsequent project activities will be planned jointly. Project activities beyond the diagnostic seminars will not take place prior to this consultation and agreement.

3. As described in the Revised Implementation Plan (Attachment 2), INCAE will conduct diagnostic seminars (diagnosticos) prior to beginning activities under component #4, Data Generation and Analysis. As in point #2 above, INCAE will consult with AID regarding the results of the diagnostic seminars, and a strategy for the subsequent project activities will be planned jointly. Project activities beyond the diagnostic seminars will not take place prior to this consultation and agreement.

4. The INCAE Project Administrator and/or the INCAE Project Coordinator will hold bi-weekly meeting with the AID Project

Officer. The purpose of these meetings will be to provide progress reports on project activities and to discuss upcoming events. Selection of activities and events not already fully specified in the Program Description (Attachment 2) or in the INCAE proposal will be made jointly.

5. The INCAE Project Administrator and/or Project Coordinator will prepare monthly or bi-monthly presentations regarding project activities. These presentations will be directed toward AID's Macroeconomic Policy/Employment Task Force. The purpose of these meetings will be to allow all interested AID parties to provide input into the project.

6. INCAE professors in Ecuador on temporary duty will also attend the bi-weekly meetings, monthly and/or bi-monthly meetings in order to inform AID and to receive AID input regarding their particular activity under the project.

7. INCAE will consult with AID regarding selection of participants/candidates for policy dialogue sessions, training, and networking activities.

8. INCAE will allow AID officials to make short visits to training sessions and other activities.

9. INCAE will consult with AID regarding the selection of the Project Administrator.

10. After the mid-project, in-house review, INCAE and AID will jointly revise or define the strategy and emphases of future project activities.

11. Personnel compensation rates to be charged to the project for all INCAE staff (except secretarial/support individuals) shall be subject to advance written approval by the Agreement Officer.

#### G. Indirect Cost Rates

Pursuant to the Standard Provision of this Cooperative Agreement entitled "Negotiated Indirect Cost Rates - Provisional", a rate or rates shall be established for each of the Recipient's accounting periods which apply to this Agreement. Pending establishment of revised provisional or final indirect cost rates for each of the Recipient's accounting periods which apply to this agreement, provisional payments on account of allowable indirect costs shall be made on the basis of the following negotiated

1

provisional rate (s) applied to the base (s) which are set forth below.

<u>Type</u>	<u>Rate</u>	<u>Base</u>	<u>Period</u>
Overhead	20.33%	Total direct costs less capital expenditures	Agreement effective date until amended

H. Title to Property

Title to property purchased under this Cooperative Agreement shall vest in the Recipient.

I. Special Provisions

1. As set forth in Attachment 3, all mandatory standard provisions for Non-US Non-governmental Grantees apply to this Agreement. Applicable optional standard provisions are indicated on the checklist in Attachment 3.
2. To assist in the implementation of the project, USAID from time to time will issue cooperative agreement implementation letters furnishing additional information on requirements about matters stated in this Agreement. Such letters shall not modify the terms of the Agreement.
3. The USAID Project Manager is authorized to issue all approvals or technical interpretations which can clearly and reasonably be considered within the terms of this Agreement as written. This authority includes approvals reserved to USAID under article F (above) of the Schedule, except daily rate/salary approvals which are reserved to the Agreement Officer per article F.11.

J. Closeout Procedures

This section prescribes uniform closeout procedures for this Cooperative Agreement.

1. The following definitions shall apply for the purpose of this section:

a. Closeout: The closeout of a Cooperative Agreement is the process by which AID determines that all applicable administrative actions and all required work of the Cooperative Agreement have been completed by the Recipient and AID.

3

b. Date of Completion: The date of completion is the date on which all work under Agreements is completed or the date on the award document, or any supplement or amendment thereto, on which sponsorship ends.

c. Disallowed Costs: Disallowed costs are those charges to an Agreement that AID or its representative determines to be unallowable in accordance with the applicable Federal cost principles or other conditions contained in the Agreement.

2. AID closeout procedures include the following requirements:

a. Upon request, AID shall make prompt payments to a Recipient for allowable reimbursable costs under the Agreement being closed out.

b. The Recipient shall immediately refund any balance or unobligated (unencumbered) cash that AID has advanced or paid and that is not authorized to be retained by the Recipient for use in other Agreements.

c. AID shall obtain from the Recipient within 90 calendar days after the expiration of the Agreement all financial, performance and other reports required as a condition of the Agreement. AID may grant extensions when requested by the Recipient.

d. In the event a final audit has not been performed prior to the closeout of the Agreement, AID shall retain the right to recover an appropriate amount after fully considering the recommendations on questioned costs resulting from the final audit.

9

PROGRAM DESCRIPTION

ECUADOR: Policy Dialogue Support

I. BACKGROUND

The recipient of this cooperative agreement, the Instituto Centroamericano de Administracion de Empresas of Ecuador ("INCAE/Ecuador"), is a non-profit educational institution specializing in graduate and professional level training and organization of policy workshops and seminars. INCAE has been operating in Ecuador since 1970 (with a permanent presence since 1983) and in Central America since 1964.

Besides designing and executing individually-tailored training and workshops for specific public and private entities, INCAE offers a range of short- and long-term training programs at its main campus in Costa Rica. These programs include: Master in Business Administration, Master in Business Economics, Program for University Professors, Program of Economic Training, Program of Functional Administration, Program in Bank Administration, Program of Advanced Bank Management, and Advanced Management Program. Such programs provide a solid substantive and academic basis for activities like those envisioned under the Policy Dialogue Support project.

Through its efforts in Ecuador, INCAE/Ecuador has gained a reputation for neutrality and professionalism. For example, following the 1988 presidential elections, INCAE/Ecuador sponsored "A Program of Inter-Sectoral Dialogue" in order to clearly define and address the private sector policy issues that the new government would face. Participants ranged from food and coffee exporters to artisans and political party members, and from the press and advertising agencies to construction and industry. The willingness of such disparate and often antagonistic factions to attend the INCAE seminar attests to INCAE's reputation for neutrality in its presentation and discussion of issues and possible agendas for change.

II. PURPOSE

The purpose of this cooperative agreement is to support the efforts of INCAE over a four-year period to establish a process and a mechanism for informed macroeconomic policy dialogue and discussion, based on the knowledge, analysis, implications and advantages of outward- and market-oriented policy reform in the

medium- to long-term. To achieve this purpose, the agreement's general objectives are to:

1. Conduct consensus-building activities, intensive policy studies, analysis, and policy dialogue seminars with public and private decision makers so that they have the fundamental understanding of coherence required for outward and market oriented policy reform.

2. Conduct macroeconomic training for public and private sector leaders with an emphasis on outward and market oriented policy reform so that they can produce improved economic analysis that will lead to well-founded macroeconomic policy reform.

3. Work with Ecuadorian university economic facilities to provide macroeconomic training, curriculum reform, and teaching methodologies that reflect a more open approach to macroeconomic education.

4. Work with Ecuadorian economic research entities to provide well-coordinated and integrated economic investigation so that both the data generation institutions and their users have more coherent and well-founded research for improved macroeconomic policy reform.

INCAE's proposal of July 30, 1990 and the supplement thereto dated August 29, 1990 describe four components, related to the four objectives listed above, which will be employed to achieve these objectives and the project purpose. The proposal in its entirety and the proposal supplement, including the specific objectives therein, are hereby incorporated by reference as part of this Program Description.

### III. OPERATING FEATURES

INCAE will achieve the objectives of the cooperative agreement principally through the activities described below.

#### A. Policy Dialogue

The Policy Dialogue component is designed to bring together principal economic policy decision makers to discuss and analyze key macroeconomic issues. It will do so through the following sub-activities.

1. Policy Formulation and Consensus Building

This will be an initial project activity designed to analyze in depth the political/institutional/interest group context that fosters and promotes policy reform. Such analyses will concentrate on: the macroeconomic policy formation process in Ecuador; the consensus building barriers among decision makers in Ecuador; and negotiation procedures for policy formation in Ecuador. This basic information will essentially form a needs assessment that will be used to further define all project components.

2. Structural Reform Studies Seminars

Each of these four (two- or three-day) seminars will revolve around one of the four studies commissioned by USAID/Ecuador regarding employment and labor legislation, the Ecuadorian financial sector, government intervention in the economy, and trade and outward-oriented growth policies. Each of the seminars will involve approximately 60 participants.

Prior to each of these seminars, INCAE anticipates holding informal, private meetings with 15-20 people to receive feedback regarding their opinions on the approach presented in the studies and the principal issues raised. These informal sessions will help structure the subsequent, larger, and more formal seminars.

3. Macroeconomic and Public Policy Seminars

It is anticipated that activities 1 and 2 above will generate ideas for other macroeconomic and public policy seminars. The exact topics for these subsequent seminars will be defined as the project develops in order to allow flexibility in addressing the areas in which potential change is most likely. Eleven such seminars are expected, each with approximately 60 participants.

4. Economics Journal

The economics journal will be produced to support the above activities. Each edition will include articles, studies, and educational materials which will be used in the seminars, both within this component and in components 2 and 3. Original commissioned articles and reproduced articles will be used.

Eight economics journals will be produced during the project period. Each will contain 6-8 targetted articles and position papers on a particular theme. One thousand copies of each journal will be produced. A careful distribution list will be developed.

#### B. Leader Training in Economics

This component is designed to train public and private sector leaders in modern macroeconomic and decision-making skills. This component will both update the economics knowledge of mid- or high-level policy makers and develop a core of well-trained young professionals who will most likely be future decision-makers.

##### 1. Economic Education Seminars

Two such seminars will be held, each comprising three weeks of full-time attendance. The first would place approximately fifteen leading Ecuadorian public sector officials in INCAE's Economic Training Program at its main campus in Costa Rica. A second Economic Training Program would be held in Ecuador for about 50 young professionals from public sector entities.

##### 2. Short-term Public Sector Economic Workshops

Under this activity, nine two-to-three day seminars will be conducted in Ecuador for about 50 senior public sector officials. These seminars will cover a condensed and revised version of the Economics Training Program (activity 1 above) so as to better fit senior officials' knowledge, previous training, and schedules.

##### 3. Short-term Private Sector Economic Workshops

Under this activity, three two-to-three day economic training seminars will be targetted to business and labor groups. The training is expected to cover basic macroeconomics.

#### C. University Training in Economics

Within this project component, INCAE will work with five or six Ecuadorian universities in order to upgrade their economics faculties. The premise underlying this component is that in order to have long-lasting impact on economic policy formulation in Ecuador, it is essential to have well-trained young economists who will lead the country in the future. In conducting this component, INCAE will

follow a strategy (see activities below) that has proven successful in universities in other Latin American countries.

1. Diagnosis

The diagnosis will consist of: initial contact between INCAE and the universities to ascertain their interest in participating in the project; signing of a general plan and agreement with each university; and diagnostic seminars with each university in order to determine their specific needs in reforming the economics faculties and curricula. Five diagnostic seminars each with 40 participants are expected.

2. Economic Training, Curriculum Reform, and Teaching Methodology Workshops

Approximately twelve workshops, each with about 40 participants, are planned under this activity, which will be subdivided into the following three parts.

(a) University Development Program (PDU) seminars, which involve content training in modern macroeconomics, international economics and other economic themes

(b) Technical assistance for curriculum reform, including course review, course outlines, and teaching materials

(c) Training in teaching methodologies, teaching strategies, and research

D. Data Generation and Analysis

This component is designed to assist in coordinating and generating economic and statistical data among the economic research entities and their users. The following activities will be involved.

1. Research training for public and private sector economic researchers. This will include four seminars regarding: general frameworks for conducting economic research; reinforcement of basic knowledge of economic research; methods of research; and evaluation of the researchers' own research.

2. In conjunction with activity 1 above, INCAE will commission research of about fourteen studies from researchers involved in the training. This will allow practical application of the strategies and techniques learned in the seminars.

3. Two diffusion seminars to disseminate and discuss the studies developed in activity 2.
4. Two high level dialogue seminars.
5. Two institutional strengthening seminars.

#### IV. PROJECT ORGANIZATION

As Recipient, INCAE will be responsible for carrying out the program as described herein and in complying with all other terms and conditions of this grant. INCAE will provide AID with copies of the agreements made with the various universities under Component C (University Training in Economics).

Coordination with AID shall be as specified in Attachment 1 (the Schedule), Paragraph F ("Substantial Involvement Understandings").

The day-to-day operation and coordination of the project shall be carried out by a Project Administrator, in conjunction with the Project Coordinator and Executive Secretary. The long-term project economist, to be contracted directly by AID, will serve as a senior advisor to both INCAE and AID on the content and direction of project activities.

#### V. EVALUATION

An in-house (joint INCAE and AID) review will be performed at mid-term, and with funds provided for in this cooperative agreement, an independent evaluation will be performed at the end-of-project.

15

REVISED IMPLEMENTATION PLAN  
POLICY DIALOGUE SUPPORT PROJECT

<u>COMPONENT NO. 1</u>	<u>POLICY DIALOGUE</u>
Informal Workshops and Meetings	Sept.-Dec., 1990
Policy Formulation/Consensus Building Workshop No. 1	October, 1990
Policy Formulation/Consensus Building Workshop No. 2	November, 1990
Policy Formulation/Consensus Building Workshop No. 3	January, 1991
INCAE Presentation of Strategy Paper	January, 1991
AID Review and Approval of Strategy Paper	February, 1991
Structural Reform/Public Policy Seminar No. 1	April, 1991
Economic Journal No. 1	April, 1991
Macroeconomic Seminar No. 1	June, 1991
Structural Reform/Public Policy Seminar No. 2	August, 1991
Economic Journal No. 2	August, 1991
Macroeconomic Seminar No. 2	September, 1991
Structural Reform/Public Policy Seminar No. 3	November, 1991
Economic Journal No. 3	November, 1991
Macroeconomic Seminar No. 3	January, 1992
Structural Reform/Public Policy Seminar No. 4	March, 1992

Economic Journal No. 4	March, 1992
Macroeconomic Seminar No. 4	May, 1992
Economic Journal No. 5	May, 1992
Macroeconomic Seminar No. 5	August, 1992
Economic Journal No. 6	August, 1992
Macroeconomic Seminar No. 6	October, 1992
Economic Journal No. 7	November, 1992
Macroeconomic Seminar No. 7	February, 1993
Economic Journal No. 8	March, 1993
Macroeconomic Seminar No. 8	June, 1993
Macroeconomic Seminar No. 9	October, 1993
Macroeconomic Seminar No. 10	February, 1994

COMPONENT NO. 2      LEADER TRAINING IN ECONOMICS

Economic Education Seminar (PEE) No. 1	July, 1990
Short-term Public Sector Workshop No. 1	March, 1991
Short-term Private Sector Workshop No. 1	March, 1991
Short-term Public Sector Workshop No. 2	July, 1991
Short-term Private Sector Workshop No. 2	July, 1991
Economic Education Seminar (PEE) No. 2 Ecuador	August, 1991
Short-term Public Sector Workshop No. 3	October, 1991
Short-term Public Sector Workshop No. 4	March, 1992
Short-term Public Sector Workshop No. 5	September, 1992
Short-term Public Sector Workshop No. 6	November, 1992

Short-term Public Sector Workshop Nos. 7 - 10      March, Sept.,  
Nov., 1993

COMPONENT NO. 3      UNIVERSITY TRAINING IN ECONOMICS

Unchanged from INCAE proposal and supplement.

COMPONENT NO. 4      DATA GENERATION AND ANALYSIS

	Diagnosticos	Sept. - Dec., 1990
Data Generation Training Seminar No. 1		January, 1991
Data Generation Training Seminar No. 2		June, 1991
Data Generation Training Seminar No. 3		September, 1991
Data Generation Training Seminar No. 4		November, 1991
Data Generation Dialogue Seminar No. 1		February, 1992
Data Generation Dialogue Seminar No. 2		May, 1992
Data Generation Institution Strengthening Seminar No. 1		October, 1992
Data Generation Institution Strengthening Seminar No. 2		January, 1993
Data Generation Diffusion Seminar No. 1		April, 1993
Data Generation Diffusion Seminar No. 2		July, 1993

MANDATORY AND OPTIONAL STANDARD PROVISIONS 1/  
(Appendix 4D, AID Handbook 13)

The following Mandatory and Optional Standard Provisions for Non-U.S., Non-Governmental Recipients 1/ in effect as of the effective date of this Agreement are incorporated herein by reference with full force and effect as though fully set forth herein:

A. Mandatory Standard Provisions

- |  |                 |
|--|-----------------|
| 1. Allowable Costs   | (May 1986)      |
| 2. Accounting, Audit, and Records                              | (May 1986)      |
| 3. Refunds   | (May 1986)      |
| 4. Revision of Grant Budget                                    | (May 1986)      |
| 5. Termination and Suspension                                  | (May 1986)      |
| 6. Disputes  | (November 1985) |
| 7. Ineligible Countries  | (May 1986)      |
| 8. Debarment, Suspension and other<br>Responsibilities Matters | (March 1989)    |
| 9. U.S. Officials Not to Benefit                               | (November 1985) |
| 10. Nonliability   | (November 1985) |
| 11. Amendment  | (November 1985) |
| 12. Notices  | (November 1985) |

B. Optional Standard Provisions

- |   |                 |
|---|-----------------|
| 1. Payment -- Periodic Advance                          | (November 1985) |
| 3. Air Travel and Transportation                        | (May 1986)      |
| 5. Procurement of Goods and Services                    | (May 1986)      |
| 6. AID Eligibility Rules for Goods and<br>Services      | (May 1986)      |
| 7. Subagreements  | (May 1986)      |
| 8. Local Cost Financing                                 | (November 1988) |
| 10. Publications  | (May 1986)      |
| 11. Nondiscrimination in Federally<br>Assisted Programs | (May 1986)      |
| 12. Regulations Governing Employees                     | (May 1986)      |
| 13. Participant Training                                | (May 1986)      |
| 16. Negotiated Overhead Rates<br>-Provisional           | (November 1984) |
| 18. Title to and Use of Property<br>(Recipient Title)   | (May 1986)      |
| 21. Cost Sharing (Matching)                             | (May 1986)      |

1/ When these Standard Provisions are used for Cooperative Agreements, the following form apply "Grantee" means "Recipient", "Grant" means "Cooperative Agreement", and "AID Grant Officer" means "AID Agreement Officer."