



Agency for International Development

U.S.A.I.D. Mission to Botswana PD-ABF-846

Embassy of the United States of America 8287

USAID

Post Office Box 2427

Gaborone, Botswana

Offices: Barclays House

Tel: 353382, Fax: 313072, Telex: 2336 BD

(U.S. Mailing Address)

USAID/Botswana

Gaborone

Department of State

Washington, D.C. 20521-2170

September 27, 1991

Mr. Archa O. Knowlton
Vice President, Africa/Near East
International Executive Service Corps
8 Stamford Forum,
P.O. Box 10005
Stamford, Connecticut 06904-2005

Subject: IESC Grant Amendment No. 4: 698-0438.33

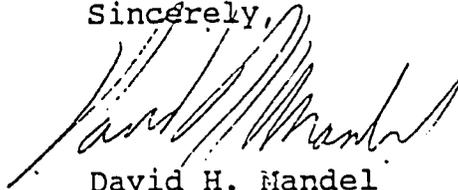
Dear Mr. Knowlton:

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 amends the Grant to the International Executive Service Corps (hereinafter referred to as "IESC" or "Grantee"), by adding the sum of \$125,000 to support the program described in Attachment "A" entitled "Schedule" of this Grant Agreement and Attachment "B" entitled "Program Description". This amendment increases the total obligation from U.S. \$525,000 to U.S. \$650,000. This amendment is effective and obligation is made as of the date of this letter.

Attachments "A" and "B" to the original Grant Agreement executed between USAID/Botswana and IESC on August 5, 1988, and amended on August 15, 1989, August 31, 1989, and June 13, 1990, have been slightly modified. The previous funded obligations to carry out the program are described in the Fiscal Data Schedule on page 3 of this Grant Amendment. The IESC Country Director will also provide limited assistance to the USAID Missions in Lesotho and Swaziland. The expiration date of this Grant is extended by 13 months from December 31, 1991 to January 31, 1993. Except as amended herein, all other terms and conditions of the original Grant Agreement as amended remain in full force and effect.

Please sign the original and four (4) copies of the letter to acknowledge your receipt of the Grant Amendment, and return the original and three (3) copies to the Grant Officer.

Sincerely,



David H. Mandel
Acting Director

Attachments:

- A. Schedule
- A-1. Financial Plan
- B. Program Description
- C. Standard Provisions

ACKNOWLEDGEMENT OF RECEIPT AND ACCEPTANCE OF TERMS AND CONDITIONS

International Executive Service Corps

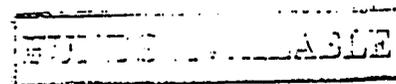
By:


Archa O. Knowlton

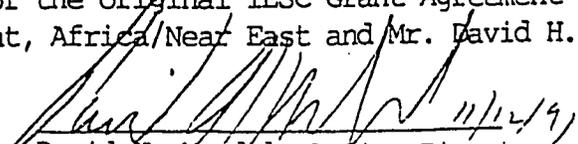
Title: Vice President, Africa/Near East

Date: October 11, 1991

cc: Mission Director, USAID/Lesotho
Mission Director, USAID/Swaziland



I certify that this is a true and exact copy of the original IESC Grant Agreement signed by Mr. Archa O. Knowlton, Vice President, Africa/Near East and Mr. David H. Mandel, Acting Mission Director, USAID.


David H. Mandel, Acting Director

FISCAL DATA

A.	Previous Funding		US\$
	<u>Project No. 698-0438.33</u>		
1.	Appropriation: <u>72-1181014</u> Budget Plan Code: <u>GSSA-88-21633-KG12</u>		25,000
2.	Appropriation: <u>72-1191014</u> Budget Plan Code: <u>GSSA-89-21633-KG12</u>		100,000
3.	Appropriation: <u>72-1101014</u> Budget Plan Code: <u>GSSA-90-21633-KG12</u>		250,000
	<u>Project No. 633-0241</u>		
1.	Appropriation: <u>72-1181014</u> Budget Plan Code: <u>GSSA-88-21633-KG13</u>		75,000
2.	Appropriation: <u>72-1191021</u> Budget Plan Code: <u>GDNA-89-21633-JG13</u>		<u>75,000</u>
B.	This Increment		
	<u>Project No. 698-0438.33</u>		
	Appropriation: <u>72-111/21014</u> Budget Plan Code: <u>GSSI-91-21633-KG12</u>		125,000
		TOTAL	<u>650,000</u>

ILLUSTRATIVE BUDGET
(in U.S. Dollars)

<u>Item</u>	<u>Prior Cumulative Funding</u>	<u>This Increment</u>	<u>Cumulative Total</u>
1. Project Costs			
A. Botswana	247,520	-0-	247,520
B. Lesotho	140,461	-0-	140,461
C. Swaziland	137,019	-0-	137,019
2. Country Director Support	<u>-0-</u>	<u>125,000</u>	<u>125,000</u>
TOTALS	<u>525,000</u>	<u>125,000</u>	<u>650,000</u>

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SCHEDULE

A. PURPOSE OF GRANT

The purpose of this Grant is to (1) improve the capabilities of Botswana, Lesotho, and Swaziland companies in the areas of production, finance, marketing, management, and related areas through technical assistance from experienced U.S. executives, and (2) transfer technological expertise from the U.S. to firms in Botswana, Lesotho, and Swaziland. Technical assistance will be provided to selected Botswana, Lesotho and Swaziland firms, using volunteer U.S. executives supplied by the International Executive Service Corps (IESC). The program will be administered by an IESC Country Director based in Gaborone, Botswana, who will provide on a limited basis assistance in support of the Lesotho and Swaziland initiatives. The program is more specifically described in Attachment B to this Grant entitled "Program Description."

B. PERIOD OF GRANT

1. The effective date of this Grant is October 1, 1988. The expiration date of this Grant is March 31, 1993.

2. Funds obligated hereunder are available for the estimated period August 5, 1988 to January 31, 1993 for expenditures to support the Program described in Attachment "B" and as shown in the Grant Financial Plan.

C. AMOUNT OF GRANT AND PAYMENT

1. The total cumulative estimated amount of the Grant for the period shown in B.1. above is \$650,000.

2. A.I.D. hereby obligates the amount of \$125,000 for program expenditures during the period set forth in B.2 above and as shown in the Financial Plan.

3. Payment shall be made to the Grantee in accordance with procedures set forth in Attachment C, Standard Provision No. 14 entitled "Payment - Letter of Credit".

D. GRANT FINANCIAL PLAN AND BUDGET

The Financial Plan for this Grant is presented in Attachment A-1. Table I of Attachment A-1 lists the project budget elements and funding amounts per element. Table II provides cost per consultancy and Table III details projected expenditures under this increment in support of the Country Director during the period January 1, 1992 to January 31, 1993.

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Payment to the Grantee under this increment will be made as follows:

1. Country Director expenses will be made through the Letter of Credit method of payment.

The key cost elements of the Country Director budget are:

(a) Travel Costs: subsistence travel status, travel to and from U.S., local and regional travel;

(b) Office Costs: rent, maintenance, utilities, stationary, office supplies, printing, meeting and conferences, membership, contracted services, legal fees, furnishings, and office equipment;

(c) Housing Costs: rent, maintenance, utilities, and guard services;

(d) Communication: local transport, telephone, telex/fax, and postage;

(e) Country Director Maintenance: insurance (life and medical), per diem/subsistence, and storage of HHE.

2. In-Country Project Costs, which include business class airfares, enroute expenses, per diem, recruiting and field support costs, will be paid on a per project cost basis after deducting the contribution received from the client.

Revisions to this Plan shall be made in accordance with Attachment "C", Standard Provision, of this Grant entitled "Revision of Grant Budget." IESC is fully responsible for financial management and accountable for utilization of grant funds.

E. APPROVAL, REPORTING AND EVALUATION

1. Sub-Project Approval. The IESC Country Director will consult with BOCCIM staff concerning the identification and selection of subprojects. In coordination with BOCCIM and agreed upon by the Botswana Development Corporation (BDC), IESC consultants can be provided to BDC affiliated firms.

USAID/Lesotho and USAID/Swaziland in coordination with the IESC Representative will determine the appropriate approval procedures for activities authorized in their respective countries.

2. Reporting.

(i) Technical Reporting. The IESC Country Director will consult at least quarterly with USAID/Botswana staff concerning the substantive progress of grant activities and administration.

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(ii) Semi-Annual and Other Reports. The Grantee will be responsible for presenting to the respective USAID Mission's a written report semi-annually after the signing of the Grant, detailing the utilization of Project funds and the implementation progress of the Project. The semi-annual reports will coincide with USAID's fiscal year. The report covering the period October 1 through March 31 should be submitted to USAID by the following April 15. Likewise, the report for the period from April 1 through September 30 should be submitted to USAID by the following October 15. The semi-annual reports will describe project progress in relation to objectives exceeded or failure to achieve objectives and corrective actions to preclude future occurrences. The semi-annual reports will be quantitative and concentrate on the effectiveness and subsequent results of project funded consultancies.

Additionally, the semi-annual reports will contain information pertaining to;

- (a) Projects completed to date under the program supported by USAID,
- (b) Projects in-hand,
- (c) Projects awaiting arrival of volunteer executives and,
- (d) Summary list of the clients supported, volunteer executives assigned, and the amount of payment received under the Grant and from clients to fund each project.

A final report shall be submitted not later than 60 days following completion of the Grant. In addition, the Grantee shall furnish to A.I.D. such other reports as requested by A.I.D.

(iii) Financial Reporting. The Grantee shall submit the quarterly financial reports required in Attachment C, Optional Standard Provision No. 1, "Payment - Letter of Credit". The Grantee agrees to consult with the Controller, USAID/Botswana concerning further details for submitting all financial reports directly to PFM/FM/CMP/LOC, Room 703, SA-2, Agency for International Development, Washington, D.C., 20523-0209. One copy of each such financed report shall be simultaneously submitted to the Controller, USAID/Botswana, P.O. Box 2427, Gaborone, Botswana.

3. Evaluation and Audit. USAID/Botswana will assess the performance of the program in October and April of each year as part of its regular review of all assistance activities. This assessment will be done in close collaboration with the IESC Country Director. USAID will discuss with the

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IESC Country Director the requirements and methodology to carry out annual financial audits of all project activity financed under this Grant. Such audits will be contracted with a USAID approved local firm and costs of such audits will be financed under project costs.

PROGRAM DESCRIPTION

The purpose of this Grant is to impact employment generation through (1) improving the capabilities of Botswana, Lesotho and Swaziland companies in the areas of production, finance, marketing, management, and related areas through technical assistance from experienced U.S. executives, and (2) transferring technological expertise from the U.S. to Botswana, Lesotho and Swaziland firms. Technical assistance will be provided to selected firms, using volunteer U.S. executives supplied by the International Executive Service Corps (IESC).

A. BACKGROUND

The ability to solve technological and management problems is essential to the long-term viability of productive companies. By extension, technological adaptation is a necessary aspect of a nation's economic development. Access to technological knowledge and management expertise has been identified as an important constraint for indigenous firms in the target countries.

IESC is a not-for-profit organization founded in 1964. The organization consists of a headquarters at Stamford, Connecticut, regional recruiters around the U.S., small field offices in developing countries and a network of over 10,000 retired executives willing to provide technical expertise. Its approach rests on two principles. One is that short-term assistance by executives with closely matched experience can be effective vehicles for enabling a developing country firm to improve its operations. The second is that the use of volunteer executives allows high level expertise to be transmitted at costs far below those that would be required commercially, while minimizing problems of conflicting interests in other companies.

Projects cover a wide range of industrial and commercial sectors. IESC concentrates its assistance in marketing, production and operations. Marketing is especially crucial for exporting businesses, whose development is a priority for Botswana, Lesotho and Swaziland. In addition, companies in all commercial and industrial sectors face a variety of needs in other areas such as strategic planning, financial management, and personnel management. Advice on these subjects addressed by IESC assistance often may be unobtainable within developing countries, especially when the need is highly industry-specific.

B. PROGRAM DESCRIPTION

Under this program, Grant funds will be used to support a Country Director's costs and provide IESC short-term Volunteer Executive (VE) assistance to up to 13 firms and/or groups of firms per year (8 in Botswana, five in Lesotho/Swaziland) under the on-going Botswana Workforce and Skills Training (BWAST II) Project (633-0241) and other projects. (The costs of IESC's VE assistance under the Botswana Private Enterprise Development (BPED) Project (633-0253) are being financed under a separate Agreement.) This assistance is expected to enable the clients to improve their growth, future efficiency and profitability. The assistance will be provided through the voluntary assistance of U.S. experts whose experience is closely matched to the needs of their clients. Most of the assistance will be in the areas of marketing, production and operations. Other types of business assistance will be provided when a particular need is identified.

IESC-Botswana/Lesotho/Swaziland will locate firms and/or groups of firms that have specific planning, technical or operational problems. An agreement will be signed by IESC and each client, which will detail the tasks to be performed by the volunteer executive. On the basis of these signed agreements, IESC headquarters will locate the U.S. executives (usually retired) best-suited for the task. The executives will serve as volunteers, but all expenses of the assistance (travel, hotel and per diem for executive and spouse) will be covered. Per diem rates will not exceed USAID's established rates in each respective country. The advisors will work closely with at least one designated staff member of each client, who will receive the transfer of technical knowledge. The length of the advisory services will average two months. During and at the end of the assignments the advisors will give reports to their clients describing recommended improvements and plans for implementing them.

Wherever possible, IESC will provide services to groups of firms with similar needs. These groups may be organized by business associations, development banks or other organizations. While the organizing groups may pay a portion of the client fee, it is expected that the individual clients served will also pay a portion of this fee.

Except as A.I.D. may otherwise agree in writing, any company or business association in which the majority shareholding is in the hands of private citizens or permanent residents or firms of the target countries is eligible for assistance under this Grant. Priority will be given to the following types of firms: small business, export business and labor intensive business. Marketing efforts will be directed towards these priority areas. Priority will also be given to firms whose assistance needs cannot be filled from within the target countries.

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C. IMPLEMENTATION

IESC will have primary responsibility for implementing this project. The IESC Country Director for Botswana will also be responsible for coordinating IESC activities in Lesotho and Swaziland. The Country Director through his association with local business communities, and in collaboration with BOCCIM and BDC, will identify and screen specific requests and submit them to the IESC network to recruit competent VE to undertake specific tasks. IESC's U.S. office will recruit the volunteer executives for each assignment and make travel arrangements between the United States and the target countries. Its Botswana office will manage all personnel and administrative matters concerning the volunteer executives, including accommodation and per diem. The IESC Country Director will attend the introductory meetings between clients and volunteer executives, and will monitor the progress of each assignment. Additionally, the Country Director will monitor the progress of each assignment and be responsible for determining the amount charged to clients, based on his/her judgment of the client's ability to pay. Normally clients are expected to contribute an average of \$8,000 (Botswana Pula or other local currency equivalent) for each consultancy for IESC USA Volunteers and \$4,000 for IESC RSA Volunteers, fees for smaller firms can be offset by larger contributions received from more prosperous firms.

The clients will have certain responsibilities for making the assistance successful, in addition to supplying the agreed fee. They will provide office facilities, local transportation and secretarial support to the advisors and designate one member of their staff as the primary liaison to the technician. Upon completion of the assignment, they will report to IESC on the specific outcomes resulting from the advisory services, including any recommendations that are being adopted. They will also comment on the quality of assistance offered by the volunteer executive.

ATTACHMENT A-1

Financial Plan (In U.S. \$)

Table I

1. Project Costs *	Previous Funding	This Increment	Total

1. Project Costs			
A. Botswana	247,520	- 0 -	247,520
B. Lesotho	140,461	- 0 -	140,461
C. Swaziland	137,019	- 0 -	137,019
2. Regional Director Costs	- 0 -	125,000	125,000 **
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TOTAL	525,000	125,000	650,000

* Illustrated in Table II as costs per project.

** This cost is broken down as per Table III below.

Table II

Illustrative Sub-Project Budget

Item	Budget

Airfare	\$11,000
Enroute Expenses	1,100
Per Diem (80 days)	10,500
Recruiting	2,200
Field Support	800

TOTAL	\$25,600
Average Client Contribution	\$8,000
USAID Contribution	\$17,500

TABLE III

Regional Director's Costs January 1, 1992 - January 31, 1993

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Jan. 1993	Total

Travel Costs:						
Local	3,450	3,450	3,450	3,450	1,550	15,350
Regional	1,925	1,925	1,925	1,925	750	8,450
U.S.A.	11,000		2,500			13,500

SUB-TOTAL Travel	16,375	5,375	7,875	5,375	2,300	37,300
Office Costs	4,912	4,913	4,912	4,913	1,300	21,450
Housing Costs	2,850	2,850	2,850	2,850	1,300	12,700
Communications	1,875	1,875	1,875	1,875	925	8,425
CD Maintenance	10,112	10,113	10,112	10,113	4,675	45,125

TOTAL	36,124	25,126	27,624	25,126	11,000	125,000

Estimated Grant Funds:

New AFR/NDI Grant:	125,000
F.Y. 1992 Budget:	125,000

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INTERNATIONALE EXECUTIVE SERVICE CORPS
STANDARD PROVISIONS (APPENDIX 4D, HB13 MANDATORY AND
CERTAIN OPTIONAL STANDARD PROVISIONS)*

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*When these Standard Provisions are used for cooperative agreements, the following terms apply: "Grantee" means "Recipient", "Grant" means "Cooperative Agreement", and "AID Grant Officer" means "AID Agreement Officer".

1. ALLOWABLE COSTS (MAY 1986)

- (a) The grantee shall be reimbursed for costs incurred in carrying out the purposes of this grant which are determined by the grant officer to be reasonable, allocable, and allowable in accordance with the terms of this grant and the applicable cost principles in effect on the date of this grant, which are attached.

(1) Reasonable. Shall mean those costs that do not exceed those which would be incurred by an ordinarily prudent person in the conduct of normal business.

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

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

(4) Unallowable costs, direct or indirect, include but are not limited to the following examples: Advertising, bad debts, contingencies, entertainment, fines and penalties, interest, fund raising, investment management costs, losses on other awards, taxes, first class air fare unless specifically approved. Additionally, public information service costs are unallowable as indirect costs.

- (b) Prior to incurring a questionable or unique cost, the grantee should obtain the grant officer's written determination as to whether the cost will be allowable.

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

- (a) The grantee shall maintain books, records, documents, and other evidence in accordance with the grantee's usual accounting procedures to sufficiently substantiate charges to the grant. Accounting records that are supported by documentation will as a minimum accumulate and record all costs incurred under a grant and disclose the amount of that portion of the cost of the project supplied by other sources. The grantee records and subgrantee records which pertain to this grant shall be retained for a period of three years from the date of expiration of this grant and may be audited by AID and/or its representatives.

- (b) The grantee agrees to have the funds provided under the grant audited by an independent auditor during the course of the grantee's normal annual audit of the grantee's organization. Copies of the grantee's audit reports will be provided to AID. AID will review the audit reports to determine the adequacy of audit coverage. If AID determines

that the audit coverage is not sufficient to verify the source and application of grant funds or that the audit does not meet the requirements of an independent audit, a second audit will be performed by AID.

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

(1) The grantee shall maintain books, records, documents, and other evidence in accordance with the grantee's usual accounting procedures to sufficiently substantiate charges to the grant. These records shall be maintained for three years after final payment. These records may be audited by the grantor's representatives.

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

3. REFUNDS (SEPTEMBER 1990)

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

(b) Funds obligated by AID but not disbursed to the grantee at the time the grant expires or is terminated shall revert to AID, except for such funds encumbered by the grantee by a legally binding transaction applicable to this grant. Any funds advanced to but not expended by the grantee at the time of expiration or termination of the grant shall be refunded to AID except for such funds encumbered by the grantee by a legally binding transaction applicable to this grant.

(c) AID reserves the right to require refund by the grantee of any amount which AID determines to have been expended for purposes not in accordance with the terms and conditions of this grant, including but not limited to costs which are not allowable in accordance with the applicable Federal cost principles or other terms and conditions of this grant. In the event that a final audit has not been performed prior to the closeout of this grant, AID retains the refund right until all claims which may result from the final audit have been resolved between AID and the grantee.

4. REVISION OF GRANT BUDGET (MAY 1986)
- (a) The approved grant budget is the financial expression of the grantee's program as approved during the grant award process.
- (b) The grantee shall immediately request approval from the grant officer when there is reason to believe that within the next 30 calendar days a revision of the approved grant budget will be necessary for any of the following reasons:
- (1) To change the scope or the objectives of the project and/or revise the funding allocated among project objectives.
- (2) Additional funding is needed.
- (3) The grantee expects the amount of AID authorized funds to exceed its needs by more than \$5,000 or five percent of the AID award, whichever is greater.
- (4) The grantee plans to transfer funds budgeted for indirect costs to absorb increases in direct costs or vice versa.
- (5) The grantee intends to contract or subgrant any of the work under this grant, and such contracts or subgrants were not included in the approved grant budget.
- (c) Except as required by other provisions of this grant specifically stated to be an exception from this provision, the Government shall not be obligated to continue performance under the grant (including action under the "Termination and Suspension" provision) or otherwise to incur costs in excess of the amount obligated under the grant, unless and until the grant officer has notified the grantee in writing that such obligated amount has been increased and has specified the new grant total amount.
5. TERMINATION AND SUSPENSION (MAY 1986)
- (a) For Cause. This grant may be terminated for cause at any time, in whole or in part, by the grant officer upon written notice to the grantee, whenever it is determined that the grantee has failed to comply with the conditions of the grant.
- (b) For Convenience. This grant may be terminated for convenience at any time by either party, in whole or in part, if both parties agree that the continuation of the grant would not produce beneficial results to commensurate
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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 AID determines that continuation of funding for a program should be suspended or terminated because such assistance is not in the national interest of the United States or that it would be in violation of an applicable law, then AID may, following notice to the grantee, suspend this grant and prohibit the grantee from incurring additional obligations chargeable to this grant other than necessary and proper costs in accordance with the terms of this grant during the period of suspension. If the situation causing the suspension continues for 60 days or more, then AID may terminate this grant on written notice to the grantee and cancel that portion of this grant which has not been disbursed or irrevocably committed to third parties.

(d) Termination Procedures. Upon receipt of and in accordance with a termination notice as specified in either paragraph (a) or (b) above, the grantee shall take immediate action to minimize all expenditures and obligations financed by this grant and shall cancel such unliquidated obligations whenever possible. Except as provided below, no further reimbursement shall be made after the effective date of termination. The grantee shall within 30 calendar days after the effective date of such termination repay to the Government all unexpended AID funds which are not otherwise obligated by a legally binding transaction applicable to this grant. Should the funds paid by the Government to the grantee prior to the effective date of the termination of this grant be insufficient to cover the grantee's obligations in the legally binding transaction, the grantee may submit to the Government within 90 calendar days after the effective date of such termination a written claim covering such obligations. The grant officer shall determine the amount(s) to be paid by the Government to the grantee under such claim in accordance with the applicable cost principles.

6. DISPUTES (NOVEMBER 1985)

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

- (b) Decisions of the AID grant officer shall be final unless, within 30 days of receipt of the decision of the grant officer, the grantee appeals the decision to AID's Deputy Assistant to the Administrator for Management Services. Any appeal made under this provision shall be in writing and addressed to the Deputy Assistant to the Administrator for Management Services, 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 Deputy Assistant to the Administrator for Management Services, 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 Deputy Assistant to the Administrator for Management Services shall be final.

7. INELIGIBLE COUNTRIES (MAY 1986)

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

8. 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 judgement 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 indicted for or otherwise criminally or civilly charged by a governmental 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. 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.

10. NONLIABILITY (NOVEMBER 1985)

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

11. 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.

12. NOTICES (NOVEMBER 1985)

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

To the AID grant officer, at the address specified in the grant.

To grantee, at grantee's address shown in the grant or to such other address designated within the grant.

Notices shall be effective when delivered in accordance with this provision, or on effective date of the notice, whichever is later.

13. PAYMENT - LETTER OF CREDIT (NOVEMBER 1985)

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

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

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

(c) Reporting:

(1) A " Financial Status Report" SF-269, shall be prepared on an accrual basis and submitted quarterly no later than 30 days after the end of the period, in an

original and two copies to A.I.D./M/FM/PAFD, Washington, D.C. 20523. If the grantee's accounting records are not normally kept on the accrual basis, the grantee shall not be required to convert its accounting system, but shall develop such accrual information through best estimates based on an analysis of the documentation on hand. The final report must be submitted within 90 days after the conclusion of the grant to M/FM/PAFD. In cases where grants are Mission funded, the Grantee will forward an information copy to the A.I.D. Mission accounting station at the same time the original and one copy are mailed to M/FM/PAFD, A.I.D. Washington.

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

(d) Revocation of the LOC is at the discretion of the authorized LOC certifying officer of M/FM/PAFD after consultation with the grant officer. Notification of revocation must be in writing and must specify the reason for revocation. M/FM/PAFD shall provide the grant officer a copy of the revocation notice and a recommendation for an alternative method of payment. The recipient may appeal any such revocation to the grant officer.

14. AIR TRAVEL AND TRANSPORTATION (MAY 1986)

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

- (a) The grantee is required to present to the project officer for written approval an itinerary for each planned international trip financed by this grant, which shows the name of the traveler, purpose of the trip, origin/destination (and intervening stops), and dates of travel, as far in advance of the proposed travel as possible, but in no event less than three weeks before travel is planned to commence. At least one week prior to commencement of approved international travel, the grantee

- shall notify the cognizant mission, with a copy to the project officer, of planned travel, identifying the travelers and the dates and times of arrival.
- (b) Travel to certain countries shall, at AID's option, be funded from U.S.-owned local currency. When AID intends to exercise this option, AID will, after receipt of advice of intent to travel required above, either issue a SF 1169, Government Transportation Request (GTR), which the grantee may exchange for tickets, or AID will issue the tickets directly. Use of such U.S.-owned currencies will constitute a dollar charge to this grant.
- (c) All air travel and shipments under this grant are required to be made on U.S. flag air carriers to the extent service by such carriers is available. A U.S. flag air carrier is defined as an air carrier which has a certificate of public convenience and necessity issued by the U.S. Civil Aeronautics Board authorizing operations between the U.S. and/or its territories and one or more foreign countries.
- (d) Use of foreign air carrier service may be deemed necessary if a U.S. flag air carrier cannot provide the foreign air transportation needed, or if use of such service will not accomplish the agency's mission. Travel and transportation on non-free world air carriers are not reimbursable under this grant.
- (e) U.S. flag air carrier service is considered available even though:
- (1) Comparable or a different kind of service can be provided at less cost by a foreign air carrier;
 - (2) Foreign air carrier service is preferred by or is more convenient for the agency or traveler; or
 - (3) Service by a foreign air carrier can be paid for in excess foreign currency, unless U.S. flag air carriers decline to accept excess or near excess foreign currencies for transportation payable only out of such monies.
- (f) Except as provided in paragraph (b) of this section, U.S. flag air carrier service must be used for all Government-financed commercial foreign air travel if service provided by such carriers is available. In determining availability of a U.S. flag air carrier, the following scheduling principles should be followed unless their application results in the last or first leg of travel to or from the U.S. being performed by a foreign air carrier:
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(1) U.S. flag air carrier service available at point of origin should be used to destination or in the absence of direct or through service to the farthest interchange point on a usually traveled route;

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

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

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

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

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

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

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

(2) Where one of the two points abroad is the gateway airport (as defined in paragraph (g) of this section) enroute to or from the U.S., if the use of a U.S. flag air

carrier would extend the time in a travel status by at least six hours more than travel by foreign air carrier including accelerated arrival at the overseas destination or delayed departure from the overseas origin as well as delay at the gateway airport or other interchange point abroad; or

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

- (i) When travel under either paragraph (g) or (h) of this section involves three hours or less between origin and destination by a foreign air carrier, U.S. flag air carrier service will not be considered available when it involves twice such travel time or more.
- (j) Nothing in the above guidelines shall preclude and no penalty shall attend the use of a foreign air carrier which provides transportation under an air transport agreement between the United States and a foreign government, the terms of which are consistent with the international aviation policy goals set forth at 49 U.S.C. 1502(b) and provide reciprocal rights and benefits.
- (k) Where U.S. Government funds are used to reimburse the grantee's use of other than U.S. air flag carriers for international transportation, the grantee will include a certification on vouchers involving such transportation which is essentially as follows:

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

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

(1) International Travel

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

(2) The grantee will be reimbursed for travel and the reasonable cost of subsistence, post differentials and other allowances paid to employees in an international travel status in accordance with the grantee's established policies and practices which are uniformly applied to federally

financed and other activities of the grantee. The standard for determining the reasonableness of reimbursement for overseas allowance is the Standardized Regulations (Government Civilians; Foreign Areas), published by the U.S. Department of State, as from time to time amended. The most current subsistence, post differentials, and other allowances may be obtained from the grant officer.

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

15. OCEAN SHIPMENT OF GOODS (MAY 1986)

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

- (a) At least 50% of the gross tonnage of all goods purchased under this grant and transported to the cooperating countries shall be made on privately owned U.S. flag commercial ocean vessels, to the extent such vessels are available at fair and reasonable rates for such vessels.
- (b) At least 50% of the gross freight revenue generated by shipments of goods purchased under this grant and transported to the cooperating countries on dry cargo liners shall be paid to or for the benefit of privately owned U.S. flag commercial ocean vessels to the extent such vessels are available at fair and reasonable rates for such vessels.
- (c) When U.S. flag vessels are not available, or their use would result in a significant delay, the grantee may request a determination of non-availability from the AID Transportation Support Division, Office of Procurement, Washington D.C. 20523, giving the basis for the request which will relieve the grantee of the requirement to use U.S. flag vessels for the amount of tonnage included in the determination. Shipments made on non-free world ocean vessels are not reimbursable under this grant.
- (d) Vouchers submitted for reimbursement which include ocean shipment costs shall contain a certification essentially as follows:

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

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basis for calculation such as weight or cubic measurement."

16. PROCUREMENT OF GOODS AND SERVICES (MAY 1986)

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

The grantee may use its own procurement policies and practices for the procurement of goods and services under this grant, provided they conform to all of AID's requirements listed below and the standard provision entitled "AID Eligibility Rules for Goods and Services."

(a) General Requirements:

(1) The recipient shall maintain a code or standards of conduct that shall govern the performance of its officers, employees or agents engaged in the awarding and administration of contracts using AID funds. Conflict of interest situations involving employees, officers or agents or their immediate families shall be avoided. The recipients' officers, employees or agents shall neither solicit nor accept gratuities, favors or anything of monetary value from contractors or potential contractors. Such standards shall provide for disciplinary actions to be applied for violations of such standards by the recipients' officers, employees or agents.

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

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

(i) Proposed procurement actions shall follow a procedure to assure the avoidance of purchasing unnecessary items.

(ii) Solicitations for goods and services shall be based upon a clear and accurate description of the technical requirements for the material, product or service to be procured. Such a description shall not, in competitive procurements, contain features which unduly restrict competition.

(iii) Positive efforts shall be made by the recipients to utilize U.S. small business and minority owned business sources of supplies and services. Such efforts should allow these sources the maximum feasible opportunity to compete for contracts utilizing AID funds. The grantee shall to the maximum extent possible provide the following information to the Office of Small Disadvantaged Business Utilization, AID Washington D.C. 20523, at least 45 days prior (except where a shorter time is requested of and granted by the Office of Small and Disadvantaged Business Utilization) to placing any order or contract in excess of \$25,000:

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

(iv) The type of procuring instruments used, e.g. fixed price contracts, cost reimbursable contracts, purchase orders, incentive contracts, shall be determined by the recipient but must be appropriate for the particular procurement and for promoting the best interest of the program involved. In those instances where a cost type contract authorizes a fee, a fixed amount will be used in lieu of a percentage of cost.

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

(vi) All proposed sole source contracts or where only one proposal is received in which the aggregate expenditure is expected to exceed \$10,000 shall be subject to prior approval by an appropriate official within the grantee's organization.

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

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

- (A) Basis for contractor selection;
- (B) Justification for lack of competition when competitive offers are not obtained;
- (C) Basis for award: cost or price.

(ix) A system for contract administration shall be maintained to ensure contractor conformance with terms, conditions and specifications of the contract, and to ensure adequate and timely follow up of all purchases.

(b) Each contract and subcontract shall contain in addition to provisions to define a sound and complete contract, the following contract provisions as well as any provision within this grant which requires such inclusion of that provision. Whenever a provision is required to be inserted in a contract under this grant, the grantee shall insert a statement in the contract that in all instances where AID is mentioned the grantee's name shall be substituted.

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

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

(3) All negotiated contracts over \$10,000 awarded by recipients shall include a provision to the effect that the recipient, AID or their duly authorized representatives, shall have access to any books, documents, papers and records of the contractor which are directly pertinent to the specific program for the purpose of making audits, examinations, excerpts and transcriptions.

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

(5) Contracts, the principal purpose of which is to create, develop or improve products, processes or methods; or for exploration into fields that directly concern public health, safety or welfare; or contracts in the fields of science or technology in which there has been little significant experience outside of work funded by Federal assistance, shall contain a notice to the effect that matters regarding rights to inventions and materials generated under the contract are subject to the regulations included in these grant provisions. The contractor shall be advised as to the source of additional information regarding these matters.

7. AID ELIGIBILITY RULES FOR GOODS AND SERVICES (MAY 1986)

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

(a) Ineligible and Restricted Goods and Services: If AID determines that the grantee has procured any of the restricted or ineligible goods and services specified below, or has procured goods and services from unauthorized sources, and has received reimbursement for such purpose without the prior written authorization of the grant officer, the grantee agrees to refund to AID the entire amount of the reimbursement.

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

- (i) Military equipment
- (ii) Surveillance equipment
- (iii) Commodities and services for support of police of other law enforcement activities
- (iv) Abortion equipment and services,
- (v) Luxury goods and gambling equipment, or

(vi) Weather modification equipment.

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

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

- (i) Agricultural commodities
- (ii) Motor vehicles
- (iii) Pharmaceuticals
- (iv) Pesticides
- (v) 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 the two categories. One applies when the total procurement during the life of the grant is over \$250,000 and the other applies when the total procurement element during the life of the grant is not over \$250,000. The total procurement element includes procurement of all goods (e.g. equipment, materials, supplies) and services. Guidance on the eligibility of specific goods or services may be obtained from the grant officer. AID policies on source, origin, and nationality are contained in Chapters 4 and 5 of AID Handbook 1, Supplement B, (Procurement Policies).

(1) When the total procurement element during the life of this grant is valued at \$250,000 or less, the following rules apply:

(i) All goods and services, the costs of which are to be reimbursed under this grant and which will be financed with U.S. dollars, shall be purchased in and shipped from

only "Special Free World" countries (i.e. AID Geographic Code 935) in accordance with the following order of preference:

- (A) The United States (AID Geographic code 000),
- (B) The Cooperating Country
- (C) Selected Free World countries (AID Geographic Code 941)
- (D) Special Free World countries (AID Geographic Code 935).

(ii) Application of Order of Preference: When the grantee procures goods and services from other than U.S. sources, under the order of preference in paragraph (b)(1)(ii) above, the grantee shall document its files to justify each such instance. The documentation shall set forth the circumstances surrounding the procurement and shall be based on one or more of the following reasons, which will be set forth in the grantee's documentation:

- (A) The procurement was of an emergency nature, which would not allow for the delay attendant to soliciting U.S. sources
- (B) The price differential for procurement from U.S. sources exceeded by 50% or more the delivered price from the non-U.S. source
- (C) Impelling local political considerations precluded consideration of U.S. sources
- (D) The goods or services were not available from U.S. sources, or
- (E) Procurement of locally available goods and services, as opposed to procurement of U.S. goods and services, would best promote the objectives of the Foreign Assistance program under the grant.

(2) When the total procurement element exceeds \$250,000, the following rule applies: Except as may be specifically approved or directed in advance by the grant officer, all goods and services, which will be reimbursed under this grant and financed with U.S. dollars, shall be procured in and shipped from the U.S. (Code 000) and from any other countries within the authorized geographic code as specified in the schedule of this grant.

- (c) Marine Insurance: The eligibility of marine insurance is determined by the country in which it is placed. Insurance is placed in a country if payment of the insurance premium is made to and the insurance policy is issued by an insurance company located in that country. Eligible countries for placement are governed by the authorized geographic code, except that if Code 941 is authorized, the Cooperating Country is also eligible. Section 604(d) of the Foreign Assistance Act requires that if a recipient country discriminates by statute, decree rule, or practice with respect to AID-financed procurement against any marine insurance company authorized to do business in the U.S., then any AID-financed commodity shipped to that country shall be insured against marine risk and the insurance shall be placed in the U.S. with a company or companies authorized to do marine insurance business in the U.S.
- (d) Ocean and air transportation shall be in accordance with the applicable provisions contained within this grant.
- (e) Printed or Audio-Visual Teaching Materials: If the effective use of printed or audio-visual teaching materials depends upon their being in the local language and if such materials are intended for technical assistance projects or activities financed by AID in whole or in part and if other funds including U.S.-owned or U.S.-controlled local currencies are not readily available to finance the procurement of such materials, local language versions may be procured from the following sources in order of preference:
- (1) The United States (AID Geographic Code 000)
 - (2) The Cooperating Country
 - (3) Selected Free World Countries (AID Geographic Code 941)
 - (4) Free World countries (AID Geographic Code 899).
- (f) Special Restrictions on the Procurement of Construction or Engineering Services: Section 604(g) of the Foreign Assistance Act provides that AID funds may not be used for "procurement of construction or engineering services from advanced developing countries, eligible under Geographic Code 941, which have attained a competitive capability in international markets for construction services or engineering services." In order to insure eligibility of a Code 941 contractor for construction or engineering services, the grantee shall obtain the grant officer's prior approval for any such contract.

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18. SUBAGREEMENTS (MAY 1986)

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

- (a) Awards shall be made only with responsible recipients who possess the potential ability to perform successfully under the terms and conditions of a proposed agreement. Consideration shall be given to such matters as integrity, record of past performance, financial and technical resources or accessibility to other necessary resources. Awards shall not be made to firms or individuals whose name appears on the AID Consolidated List of Debarred, Suspended, and Ineligible Awardees. AID will provide the grantee with a copy of this list upon request.
- (b) All subagreements shall as a minimum contain in addition to provisions to define a sound and complete agreement, the following provisions as well as any that are specifically required by any other provision in this grant. Whenever a provision with this grant is required to be inserted in a subagreement, the grantee shall insert a statement in the subagreement that in all instances where AID is mentioned, the grantee's name will be substituted.
- (1) Subagreements in excess of \$10,000 shall contain provisions or conditions that will allow for administrative or legal remedies in instances where subrecipients violate subagreement terms and provide for such remedial action as may be appropriate.
- (2) All subagreements in excess of \$10,000 shall contain suitable provisions for termination by the recipient including the manner by which termination will be effected and the basis for settlement. In addition, such subagreements shall describe conditions under which the subagreement may be terminated for default as well as conditions where the subagreement may be terminated because of circumstances beyond the control of the subrecipient.
- (3) All subagreements over \$10,000 issued by recipients shall include a provision to the effect that the recipient, AID, or their duly authorized representatives, shall have access to any books, documents, papers and records of the subrecipient which are directly pertinent to the specific program for the purpose of making audits, examinations, excerpts and transcriptions.
- (4) Subagreements, the principal purpose of which is to create, develop or improve products, processes or methods; or for exploration into fields that directly concern public

health, safety or welfare; or subagreements in the field of science or technology in which there has been little significant experience outside of work funded by Federal assistance, shall contain a notice to the effect that matters regarding rights to inventions and materials generated under the subagreement are subject to the regulations contained in the provisions of this grant. The subrecipient shall be advised as to the source of additional information regarding these matters.

19. LOCAL COST FINANCING (NOVEMBER 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 manufacture, processing or assembly. In the case of produced goods containing imported components, to qualify as indigenous a commercially recognized new commodity must result that is substantially different in basic characteristics or in purpose or utility from its components. Imported 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, or 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 \$5,000.
- (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 AID Handbook 1B, Chapter 5.

(3) Any component from a country not included in AID geographic code 935 renders a commodity ineligible for financing.

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

- (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 be not used to procure any goods or services furnished by any firm or individual whose name appears on AID's Consolidated List of Debarred, Suspended, or Ineligible Awardees (AID Regulation 8, (22 CFR 208). AID will provide the 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 AID determines that the grantee has procured any of the restricted or ineligible goods and services specified in subparagraphs (c) through (e) above, or has received reimbursement for such purpose without the prior written authorization of the grant officer, the grantee agrees to refund to AID the entire amount of the reimbursement.

20. NONDISCRIMINATION IN FEDERALLY ASSISTED PROGRAMS (MAY 1986)

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

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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.

21. REGULATIONS GOVERNING EMPLOYEES (MAY 1986)

(The following applies to the grantee's employees who are not citizens of the cooperating country.)

- (a) The grantee's employees shall maintain private status and may not rely on local U.S. Government offices or facilities for support while under this grant.
- (b) The sale of personal property or automobiles by grantee employees and their dependents in the foreign country to which they are assigned shall be subject to the same limitations and prohibitions which apply to direct-hire AID personnel employed by the Mission except as this may conflict with host government regulations.
- (c) Other than work to be performed under this grant for which an employee is assigned by the grantee, no employee of the grantee shall engage directly or indirectly, either in the individual's own name or in the name or through an agency of another person, in any business, profession, or occupation in the foreign countries to which the individual is assigned.
- (d) The grantee's employees, while in a foreign country, are expected to show respect for its conventions, customs, and institutions, to abide by its applicable laws and regulations, and not to interfere in its internal political affairs.
- (e) In the event the conduct of any grantee employee is not in accordance with the preceding paragraphs, the grantee's chief of party shall consult with the AID Mission Director and the employee involved and shall recommend to the grantee a course of action with regard to such employee.
- (f) The parties recognize the rights of the U.S. Ambassador to direct the removal from a country of any U.S. citizen or the discharge from this grant of any third country national when, in the discretion of the Ambassador, the interests of the United States so require.
- (g) 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.

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

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

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

23. COST SHARING (MATCHING) (MAY 1986)

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

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

- (b) Eligibility of non-Federal funds applied to satisfy cost sharing (matching) requirements under this grant are set forth below:
- (1) Charges incurred by the grantee as project costs. Not all charges require cash outlays by the grantee during the project period; examples are depreciation and use charges for buildings and equipment.
 - (2) Project costs financed with cash contributed or donated to the grantee by other non-Federal public agencies and institutions, and private organizations and individuals, and
 - (3) Project costs represented by services and real and personal property, or use thereof, donated by other non-Federal public agencies and institutions, and private organizations and individuals.
- (c) All contributions, both cash and in-kind, shall be accepted as part of the grantee's cost sharing (matching) when such contributions meet all of the following criteria:
- (1) Are verifiable from the grantee's records;
 - (2) Are not included as contributions for any other Federally assisted program;
 - (3) Are necessary and reasonable for proper and efficient accomplishment of project objectives;
 - (4) Are types of charges that would be allowable under the applicable Federal cost principles;
 - (5) Are not paid by the Federal Government under another grant or agreement (unless the grant or agreement is authorized by Federal law to be used for cost sharing or matching);
 - (6) Are provided for in the approved budget when required by AID; and
 - (7) Conform to other provisions of this paragraph.
- (d) Values for grantee in-kind contributions will be established in accordance with the applicable Federal cost principles.
- (e) Specific procedures for the grantee in establishing the value of in-kind contributions from non-Federal third parties are set forth below:

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(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.

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

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

(i) The method used for charging cost sharing or matching for donated non-expendable 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) Non-expendable personal property: The value of donated non-expendable personal property shall not exceed the fair market value of equipment and property of the same age and condition at the time of donation.

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

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

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

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

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

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

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

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

- (j) The restrictions on the use of AID grant funds hereunder set forth in the standard provisions of this grant are applicable to expenditures incurred with AID funds provided under this grant. The grantee will account for the AID funds in accordance with the standard provision of this grant entitled "Accounting, Audit, and Records".
- (k) Notwithstanding paragraph (b) of the standard provision of this grant entitled "Refunds", the parties agree that in the event of any disallowance of expenditures from AID grant funds provided hereunder, the grantee may substitute expenditures made with funds provided from non-Federal sources provided they are otherwise eligible in accordance with paragraph (b) of this provision.

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