



CONTRACT INFORMATION MANAGEMENT SYSTEM (CIMS)



DIRECT ACTION DATA FORM FOR GRANTS & COOPERATIVE AGREEMENTS

1. Basic Contract Number <u>367-0163-A-00-3240-00</u>		(See CIB 89-30)
2. Recipient Name <u>CARR ATLANTA UNIVERSITY INC. (CAU)</u>		
3. Award Description (This description will be seen by high level Agency officials, as well members of Congress.) The recipient shall... <u>CARRY OUT PILOT STUDIES AND IMPLEMENT ACTIVITIES DESIGNED TO PROMOTE EFFECTIVE LOCAL REVENUE GENERATION & LOCAL GOVERNMENT ACCOUNTABILITY IN 3 DISTRICTS & 6 VILLAGES OF NEPAL.</u>		
4. Principal Place of Performance <u>367</u>	5. Benefiting Country <u>367</u>	
6. Project Officer Country Code/Office Symbol: <u>367 PPD</u> Name (Last, First): <u>BYESS RICHARD</u>		
7. Grant Agreement Type <input type="checkbox"/> A. Disaster Assistance <input type="checkbox"/> B. American Schools & Hospitals Abroad (ASHA) <input type="checkbox"/> D. Title XII Authority <input checked="" type="checkbox"/> E. Other Than A, B, or D	8. Basic Purpose <input checked="" type="checkbox"/> A. Technical Services to Host Country <input type="checkbox"/> B. Commodities <input type="checkbox"/> C. Training Services to Host Country <input type="checkbox"/> D. Research <input type="checkbox"/> E. Architectural & Engineering Services <input type="checkbox"/> F. Construction	
7a. Extent: <input checked="" type="checkbox"/> E. Competed by the Technical Office <input type="checkbox"/> F. Competed by the Contracting Office <input type="checkbox"/> G. Not competed (unsolicited prop) <input type="checkbox"/> H. Not competed (predom capab, etc)	9. Taxpayer Identification Number	
10. Business Organization Type <input type="checkbox"/> A. Corporation <input type="checkbox"/> B. Individual <input checked="" type="checkbox"/> C. University or College <input type="checkbox"/> D. Historically Black College or University <input type="checkbox"/> E. Educational Organization (other than University or College) <input type="checkbox"/> Z. Other <input type="checkbox"/> F. International Center <input type="checkbox"/> G. Research Organization (other than International Center) <input type="checkbox"/> H. Voluntary Organization <input type="checkbox"/> I. Foundation <input type="checkbox"/> J. Hospital <input type="checkbox"/> N. Hispanic American college or univ.		
11. If U.S. University, Host Country Institution		
12. If Obligated Amount is in Local Currency, provide U.S. Dollar Amount <u>\$ 1,020,610.00</u>		
13.a. Negotiator (Last, First, MI) <u>GURUNG KHEM R.</u>	13.b. Signature	
14.a. Contract Officer (Last, First, MI) <u>STEPHENS THOMAS M.</u>	14.b. Signature	

COPY OF AWARD DOCUMENT MUST BE ATTACHED TO THIS FORM



U. S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

OCT 15 1993

Dr. Kofi B. Bota, Vice President
Research and Sponsored Programs
Clark Atlanta University, Inc. (CAU)
James P. Brawley Drive at Fair Street, S.W.
Atlanta, Georgia 30314

Subject: Cooperative Agreement No. 367-0163-A-00-3240-00

Dear Dr. Bota:

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 Clark Atlanta University, Inc. (hereinafter referred to as "CAU" or "Grantee") the sum of One Million, Six Hundred Thirty-Four Thousand, Seven Hundred and Thirty Dollars (\$1,634,730) to provide support to CAU for its program to carry out pilot studies and implement activities designed to promote effective local revenue generation and local government accountability in selected districts and villages of Nepal as more fully described in the Schedule of this Agreement, and the Attachment 2, entitled "Program Description". Subject to the authorization and approval of the increase in Life of Project (LOP) funding for the Democratic Institutions Strengthening (DIS) Project in FY 1994 and availability of funds, the estimated agreement amount may be increased to One Million, Seven Hundred Sixteen Thousand and Ninety Dollars (\$1,716,090).

This Cooperative Agreement is effective and commitment is made as of the date of this letter and shall apply to commitments made by the Recipient in furtherance of program objectives effective from September 3, 1993 and ending the presently estimated completion date of July 31, 1996.

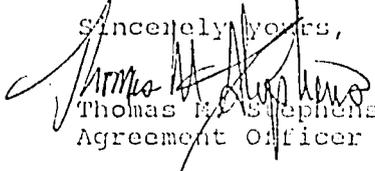
This Cooperative Agreement is made to Clark Atlanta University, Inc. on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1, entitled the Schedule, Attachment 2, entitled "Program Description," and Attachment 3, entitled "Standard Provisions,"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

BEST AVAILABLE COPY

G.P.O. BOX 5653, KATHMANDU, NEPAL

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Please sign the original and each copy of this letter to acknowledge your receipt of the agreement, and return the original and all but one copy to the Agreement Officer.

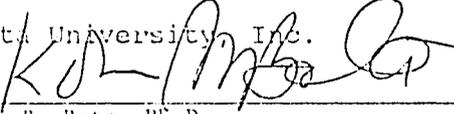
Sincerely yours,

Thomas R. Stephens
Agreement Officer

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions
4. OMB Circular A-21

ACKNOWLEDGED:

Clark Atlanta University, Inc.

BY: 
Kofi B. Bota, Ph.D.

TITLE: Vice President for Research and Sponsored Programs

DATE: 11/12/93

Clearance: PPD/PD:KERTur: (In Dft) TRT:  RByess:  FM:HJamshed: 

FISCAL DATA

<u>PIO/T No.</u>	<u>Appropriation No.</u>	<u>BPC</u>	<u>Amount</u>
367-0163-3-20104	72-112/31021	HDS2-92-27367-KG13	309,610
367-0163-3-20104	72-1121021	HDSA-92-27367-JG13	30,000
367-0163-3-30019	72-1131021	HDVA-93-27367-KG13	<u>681,000</u>
			\$1,020,610
Total Commitment:		\$1,020,610	
Total Est. Agreement Amount			
for period thru July 31, 1996:		\$1,634,730	
Technical Office:		PPD/PD	
Funding Source:		USAID/Nepal	
Tax ID Number:		58-1825259	

ATTACHMENT 1

SCHEDULE

A. Purpose of Cooperative Agreement:

The purpose of this Cooperative Agreement is to provide support to CAU for its program to carry out pilot studies and implement activities designed to promote effective local revenue generation and local government accountability in selected districts and villages of Nepal as more fully described in the Schedule of this grant and the Attachment 2, entitled "Program Description".

B. Period of Agreement:

1. The effective date of this Cooperative Agreement is the date of the Agreement Officer's signature and the estimated expiration date is July 31, 1996. Subject to extension of the DIS Project Assistance Completion Date (PACD), the completion date may be extended for additional 2 months making the total agreement period 3 years.
2. Notwithstanding the effective date of this Cooperative Agreement, funds committed hereunder are available for program expenditures effective from September 3, 1993 and is estimated to be sufficient through July 27, 1995. In addition, the recipient is hereby authorized reimbursement of pre-agreement costs up to \$9,610 for the pre-agreement travel in April 1993 that was authorized by the Mission.

C. Amount of Agreement and Payment:

1. The total estimated amount of the Agreement for the period of July 31, 1996 as stated in B.1 above is \$1,634,730. In the event the agreement period is extended to the full 3 years period, as stated in the Cover Letter, the agreement amount will also be increased to \$1,716,090 which is the full estimated agreement amount for 3 years as reflected in the budget in D.1.
2. A.I.D. hereby commits the amount of \$1,020,610 for program expenditures during the period set forth in B.2. above.
3. Payment shall be made to the Recipient in accordance with procedures set forth in Attachment 3 - Optional Standard Provision No. 3 entitled "Payment -Letter of Credit."
4. Additional funds up to the total amount of the Agreement shown in C.1. above may be committed by A.I.D. subject to the availability of funds, and to the requirements of the Standard Provision of the Agreement, entitled "Revision of ~~Financial Plan~~".

Grant Budget
MA

D. Financial Plan:

1. The following is the estimated Agreement Budget for 3 years, including local cost financing items, if authorized. Revisions to this budget shall be made in accordance with Standard Provision of this Agreement, entitled "Revision of Grant Budget."

BUDGET

<u>Description</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Total</u>
1. Home Office:				
a. Sal/Wages	74,382	96,743	94,910	266,035
b. Fringes	19,555	25,434	24,952	69,941
2. Overhead	40,910	53,209	70,736	164,855
3. Other Direct Costs	3,670	4,410	4,234	12,314
4. Travel/Trans/Perdiem	41,772	42,706	44,841	129,319
5. Subcontract (MMI)	191,375	183,647	191,333	566,355
6. Commodity Proc.	129,500	6,825	7,166	143,491
7. Kathmandu Office	47,180	47,838	50,230	145,248
8. Training	15,500	16,275	17,089	48,864
9. Local Subcont.	44,820	47,061	49,414	141,295
10. Local Match Grants	<u>9,000</u>	<u>9,450</u>	<u>9,923</u>	<u>28,373</u>
Total Estimated Agreement Amount	617,664	533,598	564,828	1,716,090
CAU Contribution	24,203	28,563	29,330	82,096
Total Estimated Program Amount	641,867	562,161	594,158	1,798,186

2. While the above estimated agreement budget is for 3 years, presently, the total amount of this agreement is limited to \$1,634,730, as stated in C.1. above. In the event the agreement period is extended to the full 3 years period, as contemplated in the Cover Letter of this Agreement, this agreement will be funded for the full amount up to \$1,716,090, subject to availability of funds.
3. Without the prior written approval of the Agreement Officer, the Recipient may not exceed 15% of the above line items in the Agreement, of USAID Contribution only, set forth in the above budget. The cost for training, if any, and overhead (including G&A) line items are fixed with no flexibility for line item transfer and the Recipient may not adjust them.

E. Reporting:

1. Financial Reporting

- a. Financial reporting requirements shall be in accordance with the Standard Provision of this Agreement entitled "Payment - Letter of Credit".

- b. In addition, one copy of all financial reports shall be submitted to the Controller, Office of Financial Management, USAID/Nepal, and a copy to the Technical Office specified in the Cover Letter of this Agreement.

2. Program Performance Reporting

- a. The Recipient shall submit quarterly program performance reports, and a final report, which briefly present the following information:
 - (1) A comparison of actual accomplishments with the goals established for the period. If the output of programs or projects can be readily quantified, such quantitative data should be related to cost data for computation of unit costs,
 - (2) Reasons why established goals were not met, and
 - (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, or prevent the meeting of time schedules and goals. 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.
- 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 "Grant Budgets", the Recipient shall submit a request for budget revision.
- d. Five copies of each program performance report shall be submitted to the Project Officer, who shall be the Chief, PPD, USAID/Nepal.

3. Special Reports

The Recipient shall provide special reports as requested by the Agreement Officer or the Project Officer, USAID/Nepal.

F. Substantial Involvement of USAID:

USAID/Nepal shall have substantial involvement in the implementation of this Agreement. The involvement will include, but may not be limited to, the following:

- review and prior approval of each semi-annual work plan for the life of the project;
- prior approval in the selection of any local contractor or grantee;
- approval of the selection of local districts where project activities will be held; and
- approval of all professional personnel prior to hiring.

G. Overhead Rates:

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

<u>Type</u>	<u>Effective Period</u>		<u>On-Campus</u>	<u>Off-Campus</u>
	<u>From</u>	<u>Through</u>		
Provisional	Effective date of Agreement	Until Amended	55.00%	37.00%

2. Base of Application:

Direct Salaries and Wages including vacation holiday, sick pay and other paid absences but excluding all other fringe benefits.

H. Title to Property:

Title to property purchased under this Agreement shall vest in the Cooperating Country, specifically, the Ministry of Local Development of His Majesty's Government of Nepal. Property shall be maintained and disposed of according to the terms of the Optional Standard Provision of this Agreement entitled "Title to and Care of Property (Cooperating Country Title)".

I. Authorized Geographic Code:

The authorized geographic code for procurement of goods and services under this agreement is "000".

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J. Special Provision:

1. Closeout

- a. Upon request, A.I.D. shall make prompt payments to a recipient for allowable reimbursable costs under the cooperative agreement.
 - b. The recipient shall immediately refund any balance of unexpended cash that A.I.D. has advanced or paid and that is not authorized to be retained by the recipient for use in other grants or cooperative agreements.
 - c. A.I.D. shall obtain from the recipient within 90 calendar days after the date of completion of the cooperative agreement all financial, performance, and other reports required as the condition of the cooperative agreement. A.I.D. may grant extensions when requested by the recipient.
 - d. When authorized by the cooperative agreement, A.I.D. shall make a settlement for any upward or downward adjustments to A.I.D.'s share of costs after these reports are received.
 - e. The recipient shall account for any property acquired with A.I.D. funds or received from the Government in accordance with provisions of paragraph T of Chapter 1 of HB 13.
 - f. In the event of a final audit has not been performed prior to the closeout of the cooperative agreement, A.I.D. shall retain the right to recover an appropriate amount after fully considering the recommendations on questioned costs resulting from the final audit.
2. No participant training is anticipated under this agreement. However, in the event any participant training, as defined by the HB10, is financed under this agreement, the participant training shall be administered pursuant to the Standard Provision of this agreement entitled "Participant Training".
 3. As authorized in Section B.2 above, the recipient is authorized expenditure of funds committed hereunder for program expenditures effective from September 3, 1993. In addition, as authorized by the Mission in March 1993, the recipient is hereby authorized reimbursement of pre-agreement costs up to \$9,610 for the pre-agreement travel incurred in April 1993.
 4. In the absence of a formally approved procurement system that has been reviewed and approved by USAID/Nepal, the recipient shall implement all procurements in accordance with the Optional Standards Provisions of the agreement, which are in conformance with the requirements set forth in Attachment O of OMB Circular A-110.

K. Order of Precedence:

Any inconsistency in this Agreement shall be resolved by giving precedence in the following order: (a) the Agreement letter; (b) the Schedule; (c) the Standard Provisions; (d) the program description; and (d) other documents, exhibits and attachment.

L. Laws of Nepal:

Recipient shall comply with all of the laws of His Majesty's Government, the Government of Nepal, prior to and during the undertaking of this program, so long as these laws do not conflict with the terms of this agreement. If such a conflict becomes apparent during performance of this program, the Agreement Officer shall be informed.

M. Use of AMA Facilities:

U.S. nationals employed under this Agreement will be entitled to the use of recreational facilities and the Commissary to the extent permitted under the constitution and by-laws of the American Mission Association.

N. Standard Provisions:

1. The following Standard Provisions are applicable to this Agreement:
 - a. Mandatory Standard Provisions for U.S., Nongovernmental Grantees, Provision 1-14; and
 - b. Optional Standard Provisions for U.S., Nongovernmental Grantees, Provision stated below:
 2. Payment - Letter of Credit
 5. Air Travel and Transportation
 6. Ocean Shipment of Goods
 7. Procurement of Goods and Services
 8. A.I.D. Eligibility Rules for Goods and Services
 9. Subagreements
 10. Local Cost Financing
 12. Publications
 14. Negotiated Indirect Cost Rates - Provisional (Nonprofit)
 16. Regulations Governing Employees
 17. Participant Training
 23. Title to and Use of Property (Cooperating Country Title)
 25. Use of Pouch Facilities
 26. Conversion of United States Dollars to Local

Currency

- 27. Public Notice
- 28. Rights in Data

- 2. In the Standard Provision of this agreement entitled "Use of Pouch Facilities," in paragraph (a) (4), delete the address listed, and insert the following in its place:

Name of Individual or organization (followed by
Letter symbol "G")
USAID/Kathmandu
Agency for International Development
P.O. Box 96950
Washington, DC 20090-6950

DEMOCRATIC INSTITUTIONS STRENGTHENING PROJECT
LOCAL GOVERNMENT STRENGTHENING COMPONENT

A. STATEMENT OF WORK

1. General

Since April 1990, significant steps have been made toward establishment of stable democracy in Nepal, including promulgation of a new constitution, formation of a government following free and fair elections, completion of two parliamentary sessions, and commencement of much needed political and economic reforms. A newly appointed judiciary is in place and local government elections took place in May 1992. Major challenges to continued democracy strengthening lie in social and political traditions, and in popular expectations that democratic progress will be accompanied by rapid economic development.

USAID has developed the Democratic Institutions Strengthening Project (DIS) to help strengthen democracy in Nepal by improving the capabilities of institutions and fostering democratic values throughout society. Specifically, USAID hopes to achieve increased pluralism and well-established democratic values and processes in Nepal through this Project by strengthening the Parliament, Judiciary, and Local Government, a group of institutions with greatest promise for achieving effectiveness and sustainability in supporting democracy and development. This cooperative agreement is for implementation of the Local Government component of the DIS.

2. Local Government

The Panchayat system, which operated from 1960 to 1990, provided for the existence of local governments at the village, municipality, and district levels. In theory, local governments had substantial authorities to raise revenues, plan local development activities, and review and critique activities of central ministries. In reality, these authorities were severely constrained. Centrally-appointed officials, notably Zone Commissioners and Chief District Officers, had very strong powers, were tasked largely with keeping the peace and stamping out political opposition, and generally undercut political and economic entrepreneurship as potential threats to vested interests. Under multi-party democracy, effective, responsible local government is crucial for creating a "space" where local initiative and entrepreneurship can flourish, and will provide most citizens with their most immediate experiences in democracy. Competent local governments will need to actively pursue development by ensuring adequate facilities - transport and marketing infrastructure, utility and sanitation services, a sensible regulatory environment, occasional intervention with central authorities, reasonable schools - so businesses, cooperatives, user and special interest groups, and dynamic individuals can pursue opportunities and perform to their potential.

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New legislation on local governments - district, municipality, village - was passed by Parliament in March 1992. With the recent election of new local governments in May 1992, there is strong pressure on village, municipal, and district governments to facilitate economic development. To a considerable extent, they will need their own resources to do this.

The Local Government component of USAID's DIS will support local government strengthening through activities which enhance voice (straightforward communication channels from constituents, such as public hearings, open council meetings, etc.) and accountability (effective communication in the opposite direction, by publishing meeting minutes and budgets, by following open contracting procedures, etc.). In addition to strengthening these elements, the project must take account of two interlinked preconditions for local democracy: local governments must have substantial legal autonomy and significant local revenues.

Specifically, USAID will focus on promoting effective local revenue generation and local government accountability through a variety of activities. Technical assistance will be provided to assist local governments with the design and establishment of systems for assessment and collection of taxes, administration of licensing and fee systems for leasing of public facilities, for establishment of fee-for-service facilities, etc., that are selected as most promising in particular localities. Technical advisors will also advise on establishing public relations and education campaigns for new revenue sources, help to set up a complaint and appeals system (for citizens who feel they have been unfairly assessed), and advise on systems of fines and other sanctions for those who refuse to pay. There will be intensive training programs: for local politicians, who must understand what is being done, and why, and must be able to explain and justify these programs to local residents; for revenue officials (employees of local government, or central government revenue officials) who need instruction in efficient, equitable collection methods; and taxpayers, who must understand how and why they are being required to pay, and must be convinced that better government services and significant, recognizable development will occur as a result.

To ensure effective use of new local revenues, local governments will also be assisted in setting up formal accounting and budgeting procedures. As an integral part of assistance to local governments, local governments will be encouraged to work collaboratively with local groups--NGOs, user groups, cooperatives, Parent Teacher Associations, Mothers' Clubs--and to actively seek the political participation of disadvantaged groups. In addition, research and analysis of the opportunities available for revenue raising and the effectiveness of various revenue raising schemes will be carried out. Local revenue generating experience will be communicated to other local governments and the central bureaucracy in Nepal through pamphlets, newsletters, peer training, and contributions to the curricula of the ongoing training work of the Local Government Training Institutes.

B. OBJECTIVE

USAID/Nepal shall enter into a Cooperative Agreement with a US. Historically Black College or University (HBCU) in order to carry out pilot studies and implement activities (described in the Local Government component of the DIS Project Paper) designed to promote effective local revenue generation and local government accountability in three districts and six villages in Nepal. The duration of the cooperative agreement shall be three ~~six~~ years. The Grantee shall implement project activities by subcontracting with a local organization.

As a direct result of project activities, a subset of local governments, who are working with project implementors, shall strengthen local democracy and enhance their autonomy by raising and effectively using significant local revenues; by introducing sound systems for planning, implementation, and service delivery systems; and by gaining the trust and respect of voters including women, low-caste and other disadvantaged groups, through transparent equitable procedures, formal accountability systems, and responsiveness.

C. TASKS TO BE PERFORMED

The Grantee shall, if it is not already, become familiar with Agency for International Development Bureau, Regional, and Mission democratic pluralism strengthening and policy objectives by reviewing relevant documents.

The Grantee shall develop draft detailed terms of reference for the project implementation, which shall include:

1. a detailed scope of work for the Grantee and job descriptions for US project staff, who shall be subject to USAID/Nepal approval;
2. a detailed scope of work for the local subcontractor, including job descriptions for staff, and open, competitive procedures for soliciting applications and selecting the organization, which shall be selected with the approval of USAID (See attached draft qualifications, information required and evaluation criteria.);
3. an open, competitive application process and selection criteria for choosing the three district and six village governments in which project activities will be carried out; and
4. a detailed workplan for the first six months of implementation, which shall be followed by a six-month workplan at the beginning of every six month period until the end of the contract. The initial workplan shall provide a description of the activities to be carried out and expected outputs, a description of the proposed methodology to be used for

monitoring and evaluating project activities, and an implementation schedule. Subsequent workplans shall include a description of progress during the previous workplan, a discussion of problems encountered during the reporting period, and recommendations for changes or additions to the project. The workplan(s) shall be subject to approval by USAID.

The Grantee shall submit the detailed terms of reference to USAID/Nepal not later than two weeks after the cooperative agreement has been signed.

As soon as possible after USAID's receiving the draft terms of reference, two representatives of the Grantee shall visit USAID/Nepal for between eight and ten working days in order to discuss the terms of reference. For this purpose, the Grantee shall be represented by the project coordinator and one other member of the project team. In cooperation with USAID, the final terms of reference shall be developed during this visit and a final version shall reach USAID within one week of the end of the visit.

With the cooperation of USAID, the Grantee will solicit and evaluate applications from local organizations to provide technical assistance, training and administrative services in implementation of project activities and make the final selection in conjunction with USAID. The Grantee, with the cooperation of USAID, shall solicit and review expressions of interest from local governments (district and village) already committed to increasing their revenues, and to enhance accountability and equity in local government operations. Final selection of the cooperating local governments shall be carried out by the Project Advisory Board (see below).

The Grantee shall subcontract with the selected local NGO for implementation of project activities as specified in the detailed terms of reference. In working with the local subcontractor, the Grantee shall, as well as ensuring that project activities are properly implemented, provide advisory support to the local subcontractor to strengthen its institutional capabilities in the long term.

In cooperation with USAID/Nepal, the Grantee shall establish the Project Advisory Board. The Project Advisory Board shall be comprised of two representatives from the Grantee (the project coordinator and one other team member), two representatives from the local subcontractor (the project coordinator and the Research, Analysis and Training Division coordinator), and two representatives from USAID (the Democracy Program Manager and the Democracy Project Officer).

The Project Advisory Board shall be responsible for reviewing and making the final selection of three district and six village governments in which project activities shall be implemented. This shall be subject (as per the terms of the Project Agreement signed by the Government of Nepal) to final approval by the Ministry of Local Development.

The Grantee shall, in conjunction with its local subcontractor, obtain sufficient office space, equipment, and supplies for its Administration and Research, Analysis and Training Divisions to begin operating. The Divisions shall be located in Kathmandu. The Grantee shall have shelf-item purchasing capability up to the amount specified in the budget under the procurement line item, and shall make all purchases necessary for project implementation, including one project vehicle and four motorcycles (subject to AID source and origin requirements).

The Grantee and local subcontractor shall assign the Field Coordinators to the districts which have been selected for project activities, and shall arrange for suitable office space and living accommodations in the selected districts.

Specific project activities shall be identified by the Project Advisory Board and carried out by the Grantee and local subcontractor according to the objectives described in the Local Government component of the Project Paper.

The Grantee personnel and Local subcontractor shall work with elected officials, involving them from the earliest stages in assessing revenue opportunities, setting development priorities, and establishing management systems. They shall provide technical assistance and training to new local politicians and employees of local government and central ministries, and matching funds to local governments that perform well. In carrying out specific project activities, the Grantee personnel and local subcontractor personnel shall:

1. Assist with design and establishment of systems for assessment and collection of taxes, for administration of licensing and fee systems, for leasing of public facilities, for establishment of fee-for-service facilities, etc., that are selected as most promising in particular localities;
2. advise on establishing public relations and education campaigns for new revenue sources;
3. help to establish a complaint and appeals system (for citizens who feel they have been unfairly assessed);
4. advise on systems of fines and other sanctions for those who refuse to pay taxes;
5. provide intensive training programs: for local politicians, who must understand what is being done, and why, and must be able to explain and justify these programs to local residents; for revenue officials (employees of local government, or central government revenue officials) who need instruction in efficient, equitable collection methods; and for taxpayers, who must understand how and why they are being required to pay, and

must be convinced that better government services and significant, recognizable development will occur as a result;

6. assist in setting up formal accounting and budgeting procedures to ensure effective use of new local revenues;
7. provide matching grants to local governments to reinforce initial efforts in revenue generation;
8. advise and assist local governments in establishing self-financing services; provide technical assistance for setting up a variety of accountability systems, and for training on accountability systems, their purpose, and how the systems can be used in political and administrative processes;
9. encourage local governments to work collaboratively with local groups--including NGOs, user groups, cooperatives, Parent Teacher Associations, and Mothers' Clubs--to actively seek the political participation of disadvantaged groups, and to assist local governments in setting up collaborative mechanisms, in particular through ensuring access of local groups, including disadvantaged groups, to local government planning and decision processes through co-optation of public representatives to various ad hoc and advisory committees, to ensure broad participation in planning processes. Where appropriate, local governments may be assisted in collaborating with NGOs and user groups through joint planning, funding, and implementation of development activities; and
10. carry out research, analysis, and dissemination such as: process documentation (of the work of local governments), conduct group and individual interviews with local residents and elected leaders, review crucial documents (budgets, minutes, contracts, financial accounts), and prepare documents and reports which describe, analyze, and disseminate the experiences of cooperating local governments.

The Grantee personnel and local subcontractor personnel shall develop training plans, mostly on-the-job, for local elected officials, for their bureaucratic counterparts, for locally-hired employees of new governments, and for local residents, who must be encouraged to take more active roles in local planning and implementation, and who must gain sufficient understanding of the potential of local government to effectively critique good and bad performance by politicians and bureaucrats. The Grantee and local subcontractor should try to have equitable gender representation in all their training programs.

The Grantee and local subcontractor shall assist and encourage selected local governments to generate local revenues at or near optimal levels by helping them to increase own-account revenues, and by documenting their successes in increasing revenues and applying them to local development, in the process

enhancing both autonomy and management expertise. The Grantee and local subcontractor shall provide technical assistance to carry out surveys and financial analyses to identify promising revenue resources within current statutory authorities of district and village governments. The Grantee and local subcontractor, in cooperation with the selected local governments, shall explore the viability and assist with development of as many types of revenue resources as possible, including: local development land tax; natural resource-based tax; infrastructure-based tax; license fees; fines; house tax; market-based taxes and fees; fees for use of public wells and taps, and for private use of river or stream water; income from local government property; interest from financial assets held; grants and donations; funds resulting from the sale, rental, or mortgage of movable and immovable property; auctions; fee-for-service facilities; and outside revenues, to enhance their flexibility and total resource base.

The Grantee and local subcontractor shall draft and submit to USAID/Nepal project activity progress reports, on a quarterly annual basis. The progress reports shall include a description of activities carried out during the reporting period, a description of problems encountered during implementation, a description of "success" stories, recommendations for changes or additions to the project, and a financial report showing expenditures during the reporting period. At the same time that progress reports are submitted to USAID/Nepal, the Grantee and local subcontractor shall also submit two copies each of any report, newsletter or other publication produced by the Research, Analysis and Training Division.

In order to ensure that experiences of project districts can be systematically related to other districts across the nation and to central sources of the democratic system, a District Development Committee (DDC) and Village Development Committee (VDC) Advisory Council shall be formed and funded under the project. USAID and the Grantee shall jointly identify sympathetic, professionally-committed representatives of the Ministry of Local Development, National Planning Commission, Prime Minister's Office, majority and opposition parties in Parliament, and local NGOs to be members of the Council. Council members will receive reports and publications, will attend semiannual meetings (which will rotate among the project districts), and will advise the Grantee, local subcontractor and cooperating District Development Committees (DDCs) and Village Development Committees (VDCs) on their work.

The Project Advisory Board, Grantee, local subcontractor and USAID shall develop other methods of helping local leaders to establish channels for influencing national policy, for example by providing advisory support for national associations and communication networks, as described in the Project Paper.

The Grantee and local subcontractor shall also cooperate with two or three Democracy Advisors who will visit Nepal periodically to assess Democracy Project activities, including those activities carried out under the Local

Government component of the project. The Democracy Advisors will probably visit Nepal five to six times during the four years of the project (twice annually for at least the first two years) to prepare brief overviews of successes and failures, rate project progress, and advise USAID/Nepal and grantees and contractors on the future course of the project. Political reporting, project monitoring reports, and periodic grantee and contractor reports will be used by Advisors in assessment work.

4. SCHEDULE OF ACTIVITIES

Within two weeks of signing the cooperative agreement, the Grantee shall submit to USAID draft detailed terms of reference, as specified above.

As soon as possible after USAID's receiving the draft terms of reference, the project Coordinator and one other representative of the Grantee shall visit USAID/Nepal for between eight and ten working days, to discuss and finalize the terms of reference. The final version of the terms shall be submitted to USAID within one week of the end of the visit, at which time the Request for Applications from local subcontractors shall be publicized.

The Grantee, in conjunction with USAID, shall make the final selection of a local subcontractor within six weeks of the end of the visit. Immediately after the subcontract is signed, the Project Advisory Board shall be formed.

The Project Advisory Board shall make the final selection of project districts within two weeks of being formed, which shall not be later than four months after the cooperative agreement has been signed.

During the first two months of the subcontract, the local subcontractor shall, with the approval of the Grantee: hire the required project staff; locate and organize office space for the Administration and Research, Analysis and Training Divisions; arrange for office space and living accommodations (in the selected districts) for the Field Coordinators; and post the Field Coordinators in their respective districts to begin identifying and assessing opportunities for implementing project activities. The Grantee shall locally procure one project vehicle and four motorcycles during this period. The initial six-month workplan for implementing activities may be modified at this time, subject to the approval of the Project Advisory Board.

Once the initial workplan has been approved, the schedule of activities for the duration of the project shall be determined by the Grantee and local subcontractor, subject to the approval of the Project Advisory Board, and shall be described in each subsequent workplan.

5. REPORTING

The Grantee shall develop a workplan for the first six months of the project, and for each six-month period thereafter, until completion of the project (see above for a description of the contents of the workplans). The workplans shall be subject to approval by the Project Advisory Board.

The Grantee shall submit to USAID/Nepal project activity progress reports, on a quarterly basis (see above for a description of the contents of the progress reports).

At the same time that progress reports are submitted to USAID/Nepal, the Grantee shall also submit two copies each of any report, newsletter or other publication produced by the Research, Analysis and Training Division during the relevant reporting period.

6. GRANTEE PERSONNEL REQUIREMENTS

The Grantee shall be a US-based Historically Black College or University (HBCU). The staff of the Grantee shall make periodic visits to Nepal (lasting a minimum of two weeks and a maximum of three months) over the life of the project to provide technical assistance, training, and advisory services to the staff of the local subcontractor and to local government officials. The Grantee shall provide approximately 35 person months of technical assistance, training, and advisory services to the project, in the form of specialists with expertise in local government systems and administration, local tax and revenue administration, budget management, curriculum development, and management. The Grantee personnel shall spend at least one third of each visit to Nepal at one or more of the three field sites.

The local subcontractor shall have a minimum of eleven and a maximum of seventeen full-time staff devoted to carrying out project activities: at least seven shall operate from the Organization's central office in Kathmandu, and at least four shall operate from the four districts selected by the project where pilot activities will be carried out. The central office shall have two divisions: the Administration Division and the Research, Analysis and Training Division.

The Administration Division shall be staffed by one full-time Project Coordinator who shall be responsible for overall management of the project and who shall represent the local subcontractor on the Project Advisory Board; one full-time Accountant who shall maintain all accounts for the project, who shall be responsible for all financial reporting, and who may be involved in planning and organizing training in accounting for local government staff; one Secretary who shall be responsible for typing, filing, maintaining project records and documents, and correspondence; and one Driver/Mechanic who shall be responsible for driving the project vehicle to be used by project staff in Kathmandu, and for maintaining all other project vehicles supplied under the cooperative agreement.

The Research Analysis and Training Division shall be staffed by one full-time Division Coordinator who shall be a Training and Curriculum Development Specialist, who shall coordinate the research, analysis, publication, dissemination, and training activities of the Division, and who shall act as Project Coordinator in that person's absence; one full-time Local Government Specialist who shall devote half his time working in the three districts and six villages where project activities are carried out, working with and advising project staff and local government officials, participating in training programs as trainer or facilitator, conducting surveys, documenting progress, etc., and who shall devote half time at the central office analyzing information and preparing it for dissemination, and planning and organizing training programs for local government officials; one Local Revenue Specialist who shall devote half time working in the three districts and six villages where project activities are carried out, working with and advising project staff and local government officials on local resource generation and utilization, participating in training programs as trainer or facilitator, conducting surveys, etc., and who shall devote half time at the central office analyzing information and preparing it for dissemination, and planning and organizing training programs for local government officials; and one Secretary who shall be responsible for typing, filing, and correspondence.

The local subcontractor shall also have three full-time field staff, or Field Supervisors. One person shall be stationed in each of the three districts selected for project pilot activities, and shall be responsible for coordinating activities carried out in cooperation with the district level government and two village governments within the district.

In addition to its full-time staff, the local subcontractor shall reserve approximately 200 person months for part-time staff or advisors (Nepalese) who shall be responsible for conducting surveys and research, and who shall assist in developing and conducting short-term training courses for local government officials and employees.

a. Qualifications

The local subcontractor shall have experience in implementing development activities in rural areas of Nepal, preferably working and cooperating with local government(s).

The local subcontractor shall have experience in planning and eliciting broad participation and cooperation of local groups, including disadvantaged groups, in development activities, and shall have demonstrated sensitivity to issues of equity (caste, gender, ethnicity), through inclusion of local and disadvantaged groups in its development activities.

The local subcontractor shall be able to deploy twelve or more field staff of both sexes and from a variety of caste and ethnic groups in three districts and six villages in Nepal.

b. Qualifications of the project staff

The local subcontractor shall develop job descriptions, and select individuals to fill the positions described in Section VI., above. Final selection for the following positions shall be subject to approval by USAID/Nepal: Project Coordinator, Research Analysis and Training Division Coordinator, Local Government Specialist, Local Revenue Specialist, and the three Field Supervisors.

i. Project Coordinator

The project coordinator shall have a graduate degree in Public Administration or Management and at least two years' experience in managing a development project or an NGO, or a minimum of three years' experience managing a development project or an NGO. The candidate shall have had supervisory experience and have supervised a minimum of five people, and knowledge of and experience with local government administration.

ii. Accountant

A certified public accountant shall have a minimum of three years' experience in public sector accounting. The person shall have knowledge of and experience with development project-related accounting.

iii. Research Analysis and Training Division Coordinator

This person shall have a graduate degree in Education and at least three years' experience developing and conducting training courses for public sector officials, as well as management experience.

iv. Local Government Specialist

The local government specialist shall have a graduate degree in Public Administration or Management, knowledge of and experience working with local government administration, policy, and procedures, and shall be knowledgeable about local government issues, challenges, and problems.

v. Local Revenue Specialist

The candidate shall have a graduate degree in Public Finance, Financial Management, or Economics, knowledge of and experience with government budgeting and accounting systems and procedures, and local tax and revenue administration. Preferably, the person shall have experience working with local government officials on local resource generation and utilization.

vi. Field Supervisors

The Field Supervisors shall have graduate degrees in Public Administration, Management, Public Finance, or Economics. They shall have had experience managing a development project in a rural area, and have worked and cooperated with local governments in implementing development activities.

c. Information required from applying local organizations

Potential subgrantees shall submit a proposal to the grantee which includes the following information:

1. At least one, but no more than three, curricula vitae for the following project staff positions: Project Coordinator, Accountant, Research Analysis and Training Division, Local Government Specialist, Local Revenue Specialist, and three Field Supervisors
2. A detailed description of the organization's experience in implementing development projects, including a description of the organization's experience implementing development activities in rural areas of Nepal. If relevant, the organization should include a description of work carried out in cooperation with local governments.
3. An analysis of the issues facing local governments with particular reference to local resource generation and utilization, accountability, and equity. Reference should be made to work done by organizations and

individuals in the field of local revenue raising and local government performance.

4. An explanation of the objective of the project and its implications for Nepal's development.
5. A methodology and implementation plan for carrying out project activities, including descriptions of how the local subcontractor will address the problems described in section C., above.
6. A research plan and methodology for extracting information from local government officials and citizens on the problems and challenges facing local governments, and a description of how such information would be analyzed and disseminated to assist and encourage broader and more effective participation in local government and the decision-making process.
7. An explanation of how autonomous local governments should work with the central government to carry out development programs to encourage broader and more effective participation in development.
8. In addition, the organization must be able to deploy a dozen or more field workers in rural areas, and provide sufficient training, field support and supervision to ensure they can carry out their work effectively. Potential contractors shall submit an action plan describing how they would deploy staff in rural areas, how they would provide training to enable field staff to carry out project activities, and how and what type of supervision would be provided. Potential contractors shall also describe the type of communication and relationship that field staff would have with project staff based in Kathmandu.
9. A description of specific accomplishments expected and how they will be demonstrated and measured.
10. An explanation of how project activities will be made financially sustainable.
11. A detailed budget in Rupees for each of the three ~~years~~ years of the project.

SECTION I

TECHNICAL APPROACH - Revised August 20, 1993

Nepal, in the final decade of this century, is at an important juncture in its political, social, and economic development. The national elections of 1991 and local elections of 1992 provide the opportunity for a proactive and participatory government approach to meet the needs of Nepalese citizenry. More effective district and local governments may offer opportunities for local people, organizations and groups, to become involved in the planning and implementation processes. Technical assistance which strengthens local and district governments is therefore of high priority in the overall program to support democratization in Nepal.

Clark Atlanta University and its subcontractor MetaMetrics Inc. will work closely with USAID/Nepal and designated Government of Nepal agencies to support local government strengthening under the Nepal Democracy Project. The Clark Atlanta University/MetaMetrics team has the requisite technical assistance and training experience to contribute decisively to the implementation of this challenging Local Government Strengthening component.

The original technical approach, work program, and personnel plan proposed on August 31, 1992 were developed on the basis of the provided materials (invitation for expressions of interest and excerpts from the project identification document and project paper) and on the experience of the Clark Atlanta University/MetaMetrics (CAU/MMI) team in addressing similar TA and training requirements. A two person CAU/MMI team visited Kathmandu from April 18 through 24, 1993. Relevant reports and materials, including the Project Paper dated July 10, 1992, were reviewed. Meetings were held with USAID and U.S. Embassy officials, Government of Nepal officials, representatives from other development assistance agencies, and members of Nepalese NGO's. The team took a one-day trip to Nuwakot District where they interviewed local and district officials. A technical approach initial schedule of project activities and project budget were developed from information obtained by the CAU/MMI team during that week-long visit. The technical approach and a budget were submitted to USAID/Kathmandu for review in early June, 1993.

Additional discussions were held with the USAID Democracy Project Manager on the technical and citizenship requirements for long-term personnel. An intensive search was conducted for a Project Coordinator/Chief-of-Party. This revised technical approach reflects the changes in the proposed technical assistance team.

1.1 GOAL, PURPOSE, AND OBJECTIVES

Nepal, historically a constitutional monarchy, showed the stirrings of Democratization in the early 1990's. The transition towards democracy was initiated in 1990, when the King eliminated the partyless Panchayat government and permitted the formation of an interim government comprised of Nepali Congress and Communist party leaders. The new Constitution

1.1 (Revised)

was promulgated under this interim government, paving the way for the national elections, the first multiparty elections held in Nepal since 1959. The country began functioning as a parliamentary democracy after the national elections in May of 1991. Responding to this new opportunity, USAID/Nepal is implementing the Democracy Project that consists of three components: parliament, the judiciary, and local government.

According to the Nepal Democracy Project Paper: "The goal of the Democracy Project is to achieve increased pluralism and well-established democratic values and processes in Nepal. The Project purpose is to strengthen a group of institutions with greatest promise for achieving effectiveness and sustainability in supporting democracy and development."

As stated in the Scope of Work and the Project Paper, the objective of the local government strengthening component of the Democracy Project is to promote effective local revenue generation and local government accountability. During the site visit, the CAU/MMI team determined that promoting accountability was the preeminent goal and that enhancing revenue generating capacity would not be the centerpiece of the project. We do affirm though, that strengthened effective and sustainable local government cannot be achieved unless those jurisdictions are able to identify and tap local revenue sources. This project will target a selected sub-set of local jurisdictions as the foci of activities aimed to strengthen their operational capabilities and enhance their autonomy by:

- o Exposing local leaders and citizens to the wider dimensions of Democracy including such practices as citizen participation, transparency in deliberations and regular, verifiable accountability systems, as means to gain the trust and respect of the citizenry and their support for revenue initiatives and community development projects.
- o Providing training and technical assistance to elected officials, representatives from local NGO's and citizens to enhance their organizational capabilities and their overall effectiveness.
- o Exposing them to a variety of options to raise revenues at the local level while equipping them with skills to effectively use locally derived revenues
- o Introducing sound systems for planning, implementation and service delivery through technical assistance and training
- o Increasing the participation of women, lower caste citizens, and other disadvantaged groups

1.2 LOCAL GOVERNMENT ISSUES

For the local government component to succeed, it will be necessary to take into consideration historical, cultural, social, and economic factors that condition the Nepali mindset, shape the political universe and frame the Democratization process. A set of issues has been identified as relevant to project implementation activities and to the probability of achieving the

objectives of the local government component. By being aware of these potential problems and constraints we can expect to increase the probability of project success. These issues are briefly discussed below.

- o Paternalistic Mind Set: This attitude has deep historical roots and is conditioned by Nepali culture, deference to the monarchy, recent political experience and ongoing relationships with funding sources. This mindset is most profoundly and prominently reflected in the deference shown to the now defunct Panchayat system.

The Paternalistic Mindset is most recently reflected in the officials' relationship with members of Parliament, where the parliamentarians exercise inordinate power over local officials. The interests and objectives of local government are generally seen as subordinate to that of those of parliamentarians and agencies of the national government. Elected government officials have, by and large, internalized the stance of the parliamentarians which is that the local officials should yield to the dictates of officials, such as themselves, who operate at the national level.

Moreover, elected officials largely have the expectation that international donors will define and fund local development projects which brings them to subordinate their felt development priorities to those of the donor agencies. This has given rise to a mentality of donor/recipient relationships in identifying and designing projects at the local level.

- o Preeminence of Central Administration: The Project Paper notes that the delivery of rural public sector services come from the central government. Local priorities often differ from those of the line agencies that are responsible for delivery of services. With respect to revenues, district and village officials rely totally upon the central government and share in the land use tax. With this heavy reliance on the central administration, there is uncertainty on the part of local government officials as to the extent of their own authority.
- o Lack of Civic Consciousness: The lack of local autonomy and lack of control over the direction of projects that are undertaken and the services that are provided are evidenced in a deteriorating sense of community. With scarce funding for projects there is increased competition for programs and projects between villages and districts. There is a sense of community powerlessness in determining their own program directions, projects and activities.
- o Lack of Citizen Participation: The paternalistic mindset has also been demonstrated in limited citizen involvement and the lack of transparency in the conduct of local government activities. Meetings are often closed and there are no mechanisms to inform citizens on the deliberations in and outcomes of local level meetings. Local officials do not perceive that citizens have a right to be involved or that they have an obligation to inform the citizenry. For local governments to achieve autonomy and increased effectiveness citizen involvement is essential. Participation by organizations that monitor local government activities and interest groups such as user groups can increase the probability that local government will address citizen concerns. Another important need is the involvement of women and disadvantaged groups in the political process.

- o High Expectations of Democracy: There is the expectation that democracy will focus attention of government at all levels on the needs and priorities of the citizens. Important developments in recent years include the reinstatement of some national forests to local jurisdictions. A similar expectation is that decisions will begin to be made at the local level as opposed to the central government for the development and provision of necessary social services. There is the concern that if democracy does not prove effective at the local level, there could be negative ramifications at the national level.
- o Local Government Acts: Local government is not discussed in any detail within the constitution and the powers of local government have been outlined by the local government acts that were passed in 1992 to cover districts, municipalities, and villages, respectively. To some extent, these local acts reflect the historical and cultural heritage of the Panchayat Regime. The structure of local government is based largely on the district and village models of the previous Panchayat government. The three acts do not spell out the powers of local government in precise terms, nor do they provide for local generation of resources.
- o Role of Political Parties: There is a concern that at the local level, political parties tend to operate according to the spoils system which tends to result in petty, partisan decisions that favor certain groups and individuals over others from different parties, thus undermining local democracy and equitability. This practice skews local development priorities. The benefits of healthy political competition may be offset by arbitrary decisions in favor of one group or another. While the local government component is not designed to resolve this issue, some information may be generated by the local government project to increase a sense of civic awareness. An issue which may arise in connection with political parties is a role of civil service at the district and local level. Optimally, services at the local and district level can be provided to all citizens with political parties determining policy direction and philosophic differences in approach.

1.3 PROJECT STRATEGY

The local government project will focus on techniques to empower local governments by strengthening their overall capabilities. This empowerment will emanate from the citizenry and from the approach of elected officials to the conduct of government business. Civic education for these individuals and selected groups will be a center of the overall project. The project will emphasize the importance of adherence to democratic principles, responsibility of public office, accountability for decisions and actions undertaken, and transparency in the conduct of local government business. We will also emphasize local government coordination of district and national level development projects, and the involvement of local government in decision making and formulation of local government policy.

The empowerment of local government will be expressed through more effective decision making and local government administration. With the autonomy that may be derived from collecting of local revenues will come the responsibility for planning of local government activities and projects, budgeting to allocate revenues efficiently and equitably, implementation of these programs and projects, and development of evaluation techniques and accountability systems. To avoid overreliance on government to implement local development activities, emphasis will be placed on implementation by user groups, NGO's, private institutions, and other organizations rather than fostering the development of new bureaucracies, or further burdening existing bureaucracies at the local level.

While we will aim towards promoting greater local autonomy by encouraging local revenue initiatives, the local government development strategy will take into consideration the reality of the support that is available from the central government. The Ministry for Local Development will be instrumental in defining global policies that affect local governments into the future. Parliament, through its legislation, can better define central government relationships to local governments and create the environment for innovation and inventiveness by citizens and elected officials at the local level. Similarly, line agencies charged with developing programs and projects and delivering of social services can take advantage of the resources and energy that may be unleashed through effective local government.

The local government project is largely a demonstration effort which will focus on selected districts and villages to develop increased awareness and application of democratic principles at the local government level. Given the largely adverse environment and the uncertainty regarding the authority of local government, the strategy will be to select those districts and villages with an enhanced probability of implementing successful projects. Districts will also be selected to reflect Nepal's national political structure, which means that the program will insure that there is balance of political forces and equitable representation.

The local government project will also draw on and support the other components of the Nepal Democracy Project. For instance, issues relevant to developing viable and effective local governments should be brought to the national parliament for consideration. Those issues can be raised through discussion group sessions, in conferences, and via newsletters produced by the parliamentary strengthening component. Similarly, issues regarding judicial roles and responsibility at the local level can also be addressed through the judicial strengthening project. The local government component will also relate to those perceived needs of the other two components and will promote a free-flow of information.

Given the innovative nature of the local government component, the project will remain flexible and responsive to developing situations. The six month detailed workplans will be developed with an eye on changing needs and issues.

Involvement of elected officials and citizens at the grass roots may be enhanced by the use of local government project incentives. The major focus will be on the provision of technical assistance and training. This training will emphasize empowerment of local government and on increasing the effectiveness of local government administration. To support participation of a wide range of individuals, careful attention will be paid to the appropriateness of training allowances to encourage such participation. Similarly, village level government may be given the incentives of matching grants in order to induce citizens to generate revenues for necessary and high priority local government projects. Such matching grants are seen as ancillary to the primary strategy of providing technical assistance and training.

Since the local government project is a demonstration effort, documentation, baseline data, and information will be provided to support the evaluation of project activities and efforts. The local government component will cooperate with the democracy project advisors in the development of necessary information and an evaluation plan will be implemented.

From the documentation of project activities, constraints, problems, and successes, lessons will be derived that will be of benefit to other Nepal local governments. Information dissemination of these results will be conducted. Reports and newsletters, as well as other means to reach illiterate populations, will be devised.

The approach for the local government project will incorporate and emphasize training, conferences, and workshops. Local government project staff will work closely with local government officials in an on the job training approach to inculcate democratic principles and to assure the development of sound local government administrative practices. The emphasis will be on the training of trainers so that a wide number of groups and individuals can be reached. US based technical assistance will emphasize training of trainers. Specialized skills for tasks such as development of a tax base and generation of local government revenues will draw upon Nepal and US based expertise. The target populations for training include initially the project staff and participating NGO's and other organizations to implement project activities. The eventual targeted populations include local government officials, women, user groups and citizens and, at a latter stage, parliament and central government officials.

1.4 OUTPUTS

The effectiveness of the local government strengthening component will be measured by several end of project status (EOPS) indicators. Foremost will be the instituting of democratic procedures in local government. Included are the following key indicators:

- o **Transparency:** Planning, decisions, and actions taken by local government will be clear to citizens, user groups, and civic organizations.

- o Accountability: Responsibility and accountability for results of government activities will be more readily identifiable. Procedures will be instituted to enhance accountability.
- o Participation: Women, user groups, and other organizations will participate in the key stages of local government activities.

Local autonomy will be increased through increased cooperation and coordination with other elements of government and through increased local revenues. Size of revenues will be measured by the extent of access to central government and donor resources, contribution of in-kind labor from local citizens and groups, and the development of other local sources of revenues appropriate to implementing priority local programs and projects.

Local government systems that encourage democratic procedures will be instituted in the demonstration jurisdictions. These systems will address planning, revenue generation, budgeting, and implementation.

Results of the local government project will be documented in order to demonstrate the process of instituting democratic procedures and the results of such activities. To gauge the change, baseline information to describe the existing government procedures and activities will be developed for the demonstration jurisdictions. Activities undertaken in each of these jurisdictions will be described. At the end of the project, the results of these activities will be described and measured in contrast with the baseline situation and in contrast to selected jurisdictions for comparison purposes.

Throughout the course of the project, those results that are relevant for incorporation into the activities of other local governments in Nepal will be documented and described. This information will be provided in newsletters and through other media.

With an emphasis on training, the outputs will include on-the-job training, training programs, conferences, and workshops. These training events will be described and the number of participants and characteristics of participants will be provided.

Results of the local government project are expected to reflect on the appropriateness and effectiveness of the local government legislation, rules, and manuals generated by the national government. It is expected that local government project results may also impact upon future legislation to increase local government effectiveness and the institution of democratic principals at the local level.

In the conduct of the project there will be an increased capability on the part of local governments to provide necessary services in support of the aspirations of citizens at the local level. In developing these institutions, attention will be paid to strengthening user groups, local

organizations such as voter organizations, and NGO's that are involved in strengthening of local government. In the conduct of the project, extensive use will be made of locally available resources through NGO's and other organizations. Training will be provided to these organizations to strengthen local capabilities in democratic principles and local government effectiveness.

1.5 PROJECT STRUCTURE

To conduct the activities of the Local Government Component and achieve project objectives, the CAU/MMI team will place long-term technical specialists in Nepal, develop a core staff of local Nepal personnel, and utilize qualified field personnel and short-term technical specialists from a selected NGO(s). The staff and consultants of Clark Atlanta University and MetaMetrics Inc. will provide administrative, managerial and technical support. A Project Advisory Board will review and guide the development and implementation of the project.

1.5.1 Project Coordination

The workplans and personnel assignments for the local government project are subject to the review and approval of USAID/Nepal. The CAU/MMI team, in cooperation with USAID/Nepal, will establish a Project Advisory Board comprised of the USAID Democracy Program Manager and Project Officer, representatives of CAU/MMI, and other members as appropriate. The Project Advisory Board will select participating districts and villages, evaluate local organizations for project participation and implementation of project activities, and related Local Government Project actions review and decisions.

A Local Government Advisory Council shall be informed to ensure the dissemination of information related to the Local Government Project. Members may include representatives from the Ministry of Local Development, National Planning Commission, Prime Minister's Office, majority and opposition parties in Parliament, and local NGO's. In the spirit of democratic procedures, Council members will receive reports and publications, and attend semiannual meetings (which may rotate among the project districts). The Council will advise the Project Advisory Board, CAU/MMI team, participating NGO subcontractor(s), and cooperating District Development Committees (DDCs) and Village Development Committees (VDCs) on their Local Government Project work.

The Local Government Project will coordinate and cooperate with the Ministry of Local Government (Government Training Centers), organizations represented by the Democracy Steering Committee, the other two components of the Nepal Democracy Project, and other organizations and individuals as authorized by USAID/Nepal.

1.5.2 U.S. Based Support

Clark Atlanta University and its subcontractor MetaMetrics Inc. will provide administrative, management and technical support of the project. The CAU/MMI team accepts responsibility for the planning, implementation, and documentation of the project effort. CAU/MMI Project Administrators will assure that management, report preparation, and coordination procedures are followed by all project staff. The Project Administrators will establish the Nepal office, oversee hiring of local staff, institute procedures for Nepal NGO/subcontractor activities, establish requirements for evaluation and project baseline information, and monitor project activities and progress.

Specialized training support will be provided by U.S. based short-term technical specialists. Activities will include training plan development and provision of training of trainers. Guidance for evaluation and base-line project information will be provided from U.S. based personnel and consultants.

1.5.3 Core Project Staff

A full-time CAU Project Manager will be assigned to support the local government strengthening project in the CAU Office of International Training. The Project Manager will be available to work in Nepal in the initial months of the project effort. A full-time MetaMetrics employee will be located in Nepal for 35 months of the Project and will serve as the Project Coordinator. Other full-time core staff positions will be filled by Nepal local hire personnel. These positions include Office Manager, Accountant, Information Associate/Librarian, two Secretaries, and a Driver.

1.5.4 Local Subcontractor and Nepali-Based Resources

The CAU/MMI team will utilize a Nepal NGO(s) or other organizations to provide other full-time and part-time personnel. Three full-time field staff will be stationed in the three selected districts. The CAU/MMI team will place a high priority on utilizing personnel from NGO's or other organizations presently located within these districts.

At the outset of the Local Government Project, there will be little need for full-time training and publications personnel. By the second year this will change and full-time and part-time personnel will be required for special studies, training, newsletters and other publications, and related project support services. The CAU/MMI team will subcontract for these services as required.

1.6 SCHEDULE OF ACTIVITIES

Within two weeks of signing the cooperative agreement, Clark Atlanta University will assign the two U.S. based long-term personnel to be stationed in Nepal subject to USAID review and approval. The following summarizes the key events and activities for the first six months of the project effort.

Month One

During the first month after signing the cooperative agreement, a CAU/MMI team will arrive in Kathmandu. The team will include the long-term Project Coordinator to be stationed in Nepal. The team will meet with USAID personnel and initiate development of the six month plan. The Project Advisory Board will be formed. Composition of the Local Government Advisory Council will be discussed. The three participating districts will be selected. NGO's and other organizations will be contacted for possible project participation.

Month Two

Interviews will be conducted for Nepal local hire personnel. The initial six month workplan will be written and reviewed with USAID. The Project Advisory Board will meet. The Local Government Advisory Council will be formed and members will be invited to participate. The terms of reference for local NGO(s) or organizations will be written and advertised. Procurement of the project vehicle and other equipment will be initiated.

Month Three

The Kathmandu office will be rented and furnished. The local core staff will be hired. Negotiations will be initiated with the NGO and/or other Nepal organizations for the provision of field personnel and other services.

Month Four

A quarterly progress report will be submitted. The NGO or local participating organizations will be selected and agreements will be completed. The staff training plan will be developed. The Local Government Advisory Council will meet and will be briefed on project objectives and activities.

Month Five

Field staff for the three districts will be hired by their participating organization(s). The staff training will be initiated. Training may include a Local Government Conference and/or Workshops. The project vehicle and other equipment will be procured. Work will begin on the second six month workplan.

month workplan.

Month Six

The second six month workplan will be completed and will include detailed activities of the field staff. Field staff will be assigned to their respective districts. An assessment of training needs at the local level will be initiated. The collection of baseline district and village level data will begin.

SECTION 2

PERSONNEL

The achievement of the specific objectives of the Nepal Democracy Project and the long-term results of the effort will be a function of the quality of the technical assistance provided in the local government strengthening component of the project. The Clark Atlanta/MetaMetrics team has identified candidates for the long-term positions. The CAU/MMI team has access to advisors in relevant technical assistance and training areas as well as the systems and procedures in place to assure effective identification and management of appropriate technical specialists to fulfill project needs. We have addressed the technical backgrounds, professional experience, demonstrated performance, and potential on the part of proposed long-term personnel, short-term technical advisors, and staff for contributing to the Nepal Democracy Project. The Clark Atlanta University/MetaMetrics team initial efforts have focussed on identifying qualified individuals to address ongoing issues in strengthening local government in Nepal and assure the accomplishment of stated project objectives.

This section presents the management personnel, proposed long-term technical and management specialists, and selected short-term specialists. Short descriptions of selected personnel are presented in this Section. Resumes are presented in Section 2.4.

2.1 PROJECT MANAGEMENT

Clark Atlanta University proposes to conduct the project in association with MetaMetrics Inc. as a subcontractor. Clark Atlanta University has overall responsibility for the project effort and will utilize MetaMetrics for support in work program design, evaluation, management and delivery of long-term and short-term technical assistance. Dr. Earl Picard, Director of the University's Office of International Training (OIT), will serve as the Project Administrator to provide overall project direction. Mr. Shaubhagya Lal Shrestha is proposed as the full-time CAU Project Manager to provide management and technical support for the Project. Mr. Leo T. Surla, Jr., President of MetaMetrics Inc., will serve as Associate Project Administrator and will support all aspects of the project.

Clark Atlanta University recognizes the critical importance of the project management team and the central role it will play in the overall performance of the Project project. The assigned management personnel of the two organizations will constitute an executive committee to coordinate the project. Integrating management level personnel from Clark Atlanta University and MetaMetrics constitutes a responsive and innovative mechanism to support the provision of technical resources and assures the quality of performance and achievement of project objectives. The backgrounds of the key management personnel are presented below.

2.1.1 Clark Atlanta University

Dr. Earl Picard
Project Administrator

Dr. Picard is the Director of the Office of International Training at Clark Atlanta University, where he manages a highly successful, internationally-recognized center for short-term management training programs. He also directs program planning and development and oversees financial management, budgeting, and accounting; supervision of staff and consultants; and development of marketing materials, execution of strategies, and general program expansion and proposal writing.

Prior to the creation of the OIT, he taught courses in Political Science, primarily in the areas of African Politics and Comparative Politics. He developed international programs, advised the African Students' Association, and served as Fulbright Advisor. From 1985-1988 he was Representative/Field Office Manager for the Zimbabwe Manpower Development Project in Harare, a USAID-funded education and training project. Dr. Picard was Fulbright Lecturer in the Department of Political Science at the National University of Lesotho, where he developed and taught courses on American Politics and various other topics including Afro-American Political Thought. From 1966 to 1970 he served in the U.S. Air Force at Clark Air Force Base in the Philippines, where he was the Jet Engine Mechanic for his squadron.

Consultancies include serving as lecture/counselor/advisor at Southern University in Louisiana to a group of African American students selected from across the country to participate in a summer enrichment program; the goal was to increase the number of students who choose to pursue the PhD degree in Political Science. He also worked as Educational Consultant for the Swaziland Manpower Development Project in Mbabane, Swaziland, and Consultant on Urban Issues for Project Propinquity, Atlanta Street Academy in Atlanta, Georgia. His publications include "Third World Women and Development: A Course Outline," "An Employment Impact Analysis of the AID/Lapis Proposal," "Critical Observations on Development Planning and Resource Allocation," "The Prospects for Democracy in Cameroon and Kenya," and "Reflections on the Spring Events in China."

Shaubhagya Lal Shrestha
Project Manager

Mr. Shrestha is currently employed by the Agency for International Development as a Program Specialist in Nepal. He has over 13 years of experience in program planning, budgeting and monitoring of rural development projects in Nepal. He has assumed increasingly responsible supervisory positions in implementing decentralized, multi-sectoral rural development projects emphasizing local participation. He has experience in meeting regulatory and reporting requirements of USAID.

A.I.D. procedures for project development, including country development strategies, project identification documents, and project papers. As a team economist he has been responsible for analyses to determine technical, administrative, financial, and economic feasibility of complex development project efforts. He is thoroughly familiar with A.I.D. Logical Framework analysis for project design, implementation, and evaluation. He has conducted workshops to train officials in the methodology and applications of the Log Frame. He has the appropriate hands-on experience necessary to develop and respond to the technical needs of the project, define qualifications for long and short-term team members, assemble teams for short-term assignments, brief and train teams for their responsibilities in conducting short-term technical assistance, and provide logistical and technical support to assure accomplishment of USAID/Kathmandu and Cooperating Agency requirements. Mr. Surla speaks French and Spanish at the FSI 3/3 level and has a working knowledge of Portuguese.

Stacy M. Surla
Administrative Support

Ms. Surla has been conducting research and evaluation and providing technical assistance in the areas of administration of justice and international development for the past ten years. She has served as Associate Project Director on many projects and writes proposals and reports. Ms. Surla has contributed to the implementation of computer management information systems, and has a particular interest in computer applications in third world countries. Recent projects include an evaluation of a training program for prisoners at the state prison in Jackson, Michigan, technical assistance in the design and implementation of a computerized management information system for the Connecticut Department of Correction, and an analysis of workflows and case management for the Cuyahoga County Court. Ms. Surla utilizes quantitative and qualitative data collection techniques, and is experienced in the design, testing, and implementation of data collection instruments. She utilizes computers in the statistical analysis of data. Ms. Surla completed an assignment in Cameroon as Associate Director of a research project on the effectiveness of communication within an integrated rural development project. She has worked and travelled extensively in Africa and in Central and South America.

2.2 LONG-TERM FIELD PERSONNEL

The CAU/MIM team will assign one employee dedicated to the Project, and stationed in Nepal for the full 35 month project period. The Project Coordinator will be a MetaMetrics employee responsible for day-to-day coordination of the project effort. He will work closely with the Democracy Project Manager, Nepali counterpart personnel, local subcontractors and consultants, and elected Nepali government

officials. The Project Coordinator will have technical responsibility for accomplishing local government strengthening objectives and will direct all project personnel in their associated project activities.

The District Coordinators, employees of the subcontracted Nepal NGO(s), will be supported and trained by the Project Coordinator in their activities with District and village elected officials. The Project Coordinator will spend approximately a third to a half of his time in the three Districts.

Following an intensive personnel search, Dr. Paul F. Benjamin was offered the position of Project Coordinator. Dr. Benjamin is a Ph.D. Social Scientist who has worked with community organization and management in Asia for a total of eight years. He has worked in Indiana University's Workshop in Political Theory and Policy Analysis as a research associate since 1990 and was closely involved in the development of field survey tools for irrigation management systems in Nepal. His recent overseas experience was focussed on community management of common property resources. He has extensive field experience and has successfully organized local committees to implement local infrastructure development projects. He is a qualified trainer and has experience in identifying leadership potential and providing leadership training. He is also highly skilled in policy formulation and analysis. Dr. Benjamin speaks Nepali at the FSI-4 level and has a good command of Hindi. He holds a Ph.D. in Anthropology and a Master's degree in Regional Planning, both from the University of North Carolina at Chapel Hill. Dr. Benjamin has a B.A. in Political Science from the University of Illinois.

2.3 SHORT-TERM PERSONNEL

Clark Atlanta University and MetaMetrics have the personnel, experience and home-office support to provide highly qualified short-term consultants in public administration, public finance and budgeting, local government, democratization, training-of-trainers, institution building, and the other areas critical for successful implementation of the project technical assistance effort. Brief descriptions of the qualifications of selected short-term specialists are presented below. Resumes are presented in alphabetical order in Section 2.4.

Dr. William Boone

Dr. Boone is an Associate Professor in the Department of Political Science. He teaches courses in American Government, Congressional Process, Government and Social Welfare, the Presidency, and State and Local Government. His specialization is in rural politics and the results of inter-governmental relations on the delivery of educational services. Research currently in progress includes "Electoral Politics of Blacks in the Eighties" and "The Priorities of Women Legislators." His publications include "Towards a Positive Impact: Development and Participation in the American South (Proposal)," "Inter-governmental Relations Between the State and Federal Government: The Impact on the Delivery of Educational Services to the States," Get Out the Vote, "Minority Participation in the Economic Development Process," and "Political Participation and Access to Decision-Making Process and Institutions." He is a very active leader for community action, and has received numerous awards and recognition for his academic and community services, including Ford Fellowships (1973 and 1974); Award for Dedicated Scholarship, Ujamma Society; Certificate of Appreciation, Atlanta Public Schools; and the Outstanding Faculty Award, School of Arts and Sciences.

Alex B. Danso

Dr. Danso is interim chair of the International Affairs and Development degree program. He is also a member of the Task Force for the School of Public and International Affairs. He teaches courses in human resource management, international development, and comparative administration. From 1982-86 he served as Lecturer in Public Administration in the School of Administration at the University of Ghana, Legon where he was instrumental in the development of an Executive Management Training Program for top level managers of public, private, and parastatal corporations in Ghana.

Henry A. Elonge

Dr. Elonge is Assistant Professor in the Department of Public Administration. His area of specialization is international development administration. He served as a consultant to the Office of International Programs and the Comparative Development Studies Center at the State University of New York at Albany. He has done research on a lexicon of management concepts for the Somalia Management and Development Project, African legislatures and their information needs, legislatures and presidential systems in Africa, and he has coordinated Model OAU and Model League of Arab States at two universities and has organized a Conference on the Middle East at Clark Atlanta University.

2.3.2 MetaMetrics Inc.

Leo Rose

Dr. Rose is one of the U.S.'s pre-eminent authorities on politics, government, and society in Nepal. He has been conducting research and providing technical assistance in Nepal since 1956. His areas of expertise include Comparative Politics: South Asia, International Relations: Southern Asia, Bureaucracy and Development, and Himalayan Political Culture. Most recently Dr. Rose was present during the creation of the new constitution in 1990 and he was in Kathmandu and in the districts as an international observer during the 1992 elections. His work has led to the publication of numerous books, articles, chapters, and papers. These include Nepal: Perspectives on Development Issues (editor), Nepal: Strategy for Survival, Democratic Innovations in Nepal: A Case Study of Political Acculturation, Nepal: Government and Politics, "Secularization of a Traditional Hindu Policy: The Case of Nepal," "The Foreign Policy of Nepal in the 1980s," and many others. He has performed numerous consultancies for the State Department from 1964-1984 and 1990-1991, and participated in the Asia Society Project in 1992. From 1984-1985 he was a staff member for South Asia, Policy Planning, Department of State in Washington, D.C. Dr. Rose was Adjunct Professor in Political Science at the University of California, Berkeley until his retirement in 1990. He has been Editor for the Asia Survey from 1962 to the present. His distinguished career included nine years of service as Director of the Himalayan Border Countries Project for the Institute of International Studies. He has organized and chaired many panels, symposia, and meetings for the Association for Asian Studies, Department of State, UC Berkeley, and other institutions. Dr. Rose brings a wealth of knowledge and insight to the challenges and opportunities of democratization and local governance in Nepal.

Alexander M. Spater

Mr. Spater has worked for past twenty-five years in civil rights and on development projects for underprivileged persons in the U.S. and in Nepal. Mr. Spater is a law partner in the law firm of Spater, Gittes, Schulte & Kolman, where he is a trial attorney with specialization in civil rights, housing, and employment cases in federal and state courts. Prior to joining the law firm he was staff attorney for a housing opportunity organization in Ohio, where he directed housing discrimination and tenant-landlord litigation. He worked in Community Development in Mississippi, where he developed programs to construct houses for low income people. Before this he served as an overseer in the Jilla Panchayat Office in Bhairahawa, Nepal as a Peace Corps Volunteer. In this position he worked with local political leaders on building projects, including housing and bridge construction. Mr. Spater has a J.D. degree from the Ohio State University of Law. His M.A. degree is in Asian Studies, from the University of California (Berkeley). His B.A. degree is in Government. He is a member of the NAACP National Legal Advisory Committee, is a Member of the Civil Rights Advisory Committee established by the Columbus City Council, and is a Member of the Board of Trustees of the Southeast Mental Health Center.

He has received awards from the NAACP (1985) and the National Organization for Women (1987), and his entire law firm received an award from the Columbus Urban League (1989). He regularly lectures on civil rights, housing and employment discrimination, an employment law. Mr. Spater speaks Hindi and Nepali.
Guy Martin

Dr. Martin is Associate Professor at the Department of Comparative and Regional Studies, School of International Service at the American University. He specializes in Comparative Development, International Relations, Peace Studies and Conflict Resolution, and International Political Economy. He received his PhD in Political Science, an MA degree from the School of Oriental and African Studies, University of London, and his Diplome from the Institut d'Etudes Politiques at the Université de Grenoble. Dr. Martin served as Senior Consultant for the African-American Institute on the project for the creation of a Center for Conflict Resolution in Africa. He was a Participating Contributor for the State of the Art Survey of Scholarly Work on Multilateralism Project for the United Nations University Program on Multilateralism and the U.N. System. He was also Senior Research Fellow in charge of Conflict Management and Resolution Programs at the International Peace Academy in New York. He participated as a Member of UNESCO's Africa Group/Major Programme I. He has published extensively and lectured publicly throughout the U.S., for the U.S. Information Agency (USIS), Foreign Service Institute, and in Canada and Nigeria.

David A. Rosenberg

Dr. Rosenberg is a Professor of Political Science and Director of the East Asian Studies Program at Middlebury College. He has nearly thirty years' of applied and academic experience in local public administration, political change, and democratization in developing countries. His lengthy list of publications includes "Authoritarian Government in Southeast Asia" for the International Congress of Oriental Studies in Mexico, Economic Growth and Social Equity in Developing Countries, "Regime Illegitimacy and Revolutionary Movements: the Philippines" for Revolution and Political Change in the Third World, and Landless Peasants and Rural Poverty in Asia. Dr. Rosenberg has served as Visiting Lecturer for the Southeast Asia Area Studies Program at the Foreign Service Institute, U.S. State Department; Visiting Scholar at the School for Advanced International Studies, Johns Hopkins University; and Visiting Professor for the Cornell University Center for International Studies, among many other positions. He worked in Economic Policy Research on the Policy Planning Staff at the U.S. State Department in 1967 and was a Peace Corps Volunteer on the Panchayat Development Program in Nepal from 1963-65.

Bapu Deolalikar

Bapu Deolalikar has over thirty years of experience in private enterprise, industrial development, management, and human resources development for private and public organizations in India, USA, Kenya, Zimbabwe, Uganda, Mauritius, Nigeria, Indonesia, Malaysia, Singapore, Japan, South Korea, Thailand, Philippines, Sri Lanka, Bangladesh, Nepal, UK, and Europe, Brazil, Trinidad and Barbados. For over fifteen years he was a senior corporate executive in a large multi-national firm and consulting group and has worked with various international and national organizations on consulting assignments. His private sector management and consulting experience include corporate management, international business and trade, exports, joint-ventures, human resources and organizational development and training. Since 1975, he has been a consultant for private business organizations, USAID, The World Bank and other international agencies. His consulting portfolio includes private enterprise development, investment and export promotion, small industry and integrated rural development, and public sector management and administration.

Jacqueline Howard-Matthews

Dr. Howard-Matthews specializes in Rural Development, Agricultural Policy in Africa, Education and Social Change, and Public Policy and Administration. She received her PhD from Stanford University in Political Science. She is Assistant Professor at Wellesley College, where she teaches African Women and Development, Public Policy Formation and Special Interests, and the Political Economy of African Development. She serves as a consultant on health, legal, and agricultural projects for the Development Consultants Network. She was formerly Director of Research and Projects for Development Consultants Network in Harare, Zimbabwe, where she evaluated project performance, conducted development seminars, and monitored rural training programs. She worked as a consultant in the Training Department at Save the Children in Zimbabwe. Her publications include "Reflections on Women's Emancipation and Socialist Transformation: A Commentary Review of Promissory Notes, Women in the Transition to Socialism," "Comparative Development Strategies in Africa: United States and Canadian Approaches," and "Theoretical Review of Research on Women."

Alan E. Dieffenbach

Mr. Dieffenbach has 7 years of experience working in Nepal. He was a Peace Corps volunteer at Tribhuvan Degree College in Tansen, Nepal, and served for three years as Associate Peace Corps Director in Nepal. He later worked as Senior Associate with New ERA in Kathmandu, where he directed research and training activities, recruited and trained Nepalese staff, was responsible for financial management, liaison with cooperating local and international development agencies, and directed the development of organizational policy and philosophy. Mr.

Dieffenbach served as Executive Director for a major USAID Rural Water Supply Project in Sana'a, Yemen Arab Republic where he managed administrative and support services. He has worked extensively in health and human services projects. He was Planner/Coordinator for the Refugee Mental Health Planning Project in Rhode Island. He worked as a consultant to the Southeast Asian Refugee Mental Health Task Force. He was Associate Executive Director of the Council for Community Services in Rhode Island, where he directed the design and implementation of planning and research programs and managed agency financial systems. Mr. Dieffenbach was a full-time consultant to the International Institute of Rhode Island, where he participated in a major overall of fiscal, personnel, and decision-making systems. He has an MA degree in Teaching and has published a number of papers and reports, including Jumla Small Area Development Program Survey Report, a report of field research in northwestern Nepal and Local Contributions to Education, a study of the participation of rural communities in the financing of education in Nepal.

2.4 DETAILED RESUMES (Previously Submitted to USAID/Kathmandu)

Detailed resumes are presented below in alphabetical order.

Monte M. Achenbach
Paul F. Benjamin
William H. Boone
Bapu Deolalikar
Alan E. Dieffenbach
Alex B. Danso
Henry Akwo Elonge
Hashim T. Gibrill
Robert A. Holmes
Stacy Surla
Guy Martin
Jacqueline Howard-Matthews
Earl F. Picard
Leo E. Rose
David A. Rosenberg
Shaubhagya Lal Shrestha
Alexander M. Spater
Leo T. Surla, Jr.
Chitra Krishna Tiwari

2.12 and 2.13 (Revised)

SECTION 3
PROJECT BUDGET
(Revised August 20, 1993)

This Section presents budgets and supporting cost information for the Local Government Strengthening Component of the Nepal Democracy Project.

3.1 ASSUMPTIONS AND COST CATEGORIES

The Local Government Strengthening Component is envisioned as a 35 month effort with a Project Assistance Completion Date (PACD) of July 31, 1996. The CAU/MMI team is prepared to initiate the project upon signing of the Cooperative Agreement and can assign and station the long-term technical specialists in Nepal in September, 1993. The Kathmandu Office can be fully operational by November of 1993. Cost categories of the budget are discussed below and an annual inflation rate of 5% is applied. Detailed cost estimates will be included in the six month work plans for items such as training events and short-term technical assistance.

3.1.1 Home Office Staff

CAU proposes a full time Project Manager with extensive involvement of CAU senior personnel to provide ongoing support for the performance of the long-term and short-term technical assistance specialists. The Project Manager will serve in Nepal during the initial 4 to 6 months of the project. He will then support the project for the CAU Office of International Training in Atlanta. Administrative and research support will be provided from the CAU office. Short-term technical assistance will emphasize training-of-trainers.

The MetaMetrics Associate Project Administrator will be involved in management support of the MMI long-term technical assistance specialist and coordination of short-term technical assistance. Short-term technical assistance will be provided by senior consultants in Political Science and Public Administration with expertise in Nepal and the Asia Region.

3.1.2 Long-Term Overseas Staff

CAU will assign the full-time Project Manager to support project start-up activities in Nepal during the initial months of the project. MetaMetrics will assign a full-time Project Coordinator in Nepal with overall day-to-day responsibility for project performance. The Project Coordinator will also have the responsibility of supporting and training the three District Coordinators from Nepal NGO(s) or other organizations. The bio data form for Dr. Paul Benjamin is attached.

3.1 (Revised)

3.1.3 Indirect Costs

CAU has a fringe benefit rate of 26.29% on total CAU staff salaries. The overhead rate of 55.00% is also applied against staff salaries and excludes fringe benefits in the calculation.

MetaMetrics has separate home office and overseas overhead rates, 74.53% and 56.81% respectively. Overhead rates include fringe benefits. A general and administrative rate of 22.63% is applied to salaries, overhead, and other direct costs.

3.1.4 CAU Cost Sharing

CAU cost sharing includes the involvement of senior CAU personnel in project management, technical and administrative matters. Cost sharing includes indirect costs (overhead and fringe benefits) of the staff time contribution. Also included are the facilities and utilities costs on campus for the assigned CAU personnel. These costs are not included in the indirect cost calculations of the University.

For services rendered as subcontractor to CAU on the Nepal Local Government Strengthening Project, MetaMetrics will forgo the usual corporate fee of 8%. This fee would amount to approximately \$50,000.

3.1.5 Other Direct Costs

Other Direct Costs includes home office expenses such as communications and photocopying, and medical insurance expenses and worker's compensation for field employees.

3.1.6 Allowances

Allowances are estimated for the proposed long-term technical assistance personnel. The Project Coordinator is married and has two primary school age children.

3.1.7 Travel/Transportation/Per Diem

Travel costs are provided for long-term, short-term, and home office personnel. Consistent with A.I.D. guidelines, business class air travel calculations are included in the budget.

3.1.8 Commodity Procurement

To support the operations of the long-term technical assistance team, local office staff, District Coordinators and local subcontractor(s), an estimate is provided for necessary commodities. Generators are proposed for the residence of the Project Coordinator and for the Kathmandu office. Computers will include equipment appropriate for the District Coordinators and for field use.

3.1.9 Kathmandu Office Expenses

Local hire staff totals 6 persons to support the long-term personnel and District Coordinators. Office expenses – in addition to rent, utilities, supplies and communications – include operations costs for the project vehicle.

3.1.10 Training Expenses

Maximum use will be made of the Ministry of Local Government Training Centers. Workshops and conferences will also be held in other facilities. Conference expenses may include honoraria for Nepal specialists, accommodations, receptions, meals, and hotel conference and meeting rooms.

3.1.11 Local Subcontractors

Nepal NGOs or other organizations such as for-profit consulting firms and academic institutions will provide long-term and short-term technical assistance. The services of the three full-time personnel to work in the Districts with local government officials will be subcontracted. Training logistics support, specialized local government research, and publications support, including translation, will also be subcontracted as required.

3.1.12 Local Government Grants

The local matching grants may provide additional incentive to village and District level officials to engage in the local government strengthening project effort.

3.2 BUDGETS

Table 3-1 presents the total contract budget (previously submitted, July 28, 1993).

3.3 (Revised)

Inflation Factors: Days per
 Salary 5.00% Person-Mouth (PM) 22
 Direct Costs 5.00%
 Travel 5.00%

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	Amount	Base	Number	Unit	Total Year 1	Number	Unit	Total Year 2	Number	Unit	Total Year 3	Number	Unit	TOTAL
SALARIES/WAGES														
HOME OFFICE STAFF														
CAU Home Office Staff														
Project Manager: S. Shrestha	133	/day	8	PM	23,408	12	PM	36,868	2	PM	38,711	32	PM	98,987
Project Administrator: E. Howard	230	/day	3	PM	15,180	3	PM	15,939	3	PM	16,735	9	PM	47,855
Admin./Research Support	126	/day	2	PM	5,544	2	PM	5,821	2	PM	6,112	6	PM	17,478
Short Term TA /Senior Personnel	275	/day	5	PM	30,250	6	PM	38,115	5	PM	33,351	6	PM	101,716
Total CAU Home Office Staff					74,382			96,743			94,910			266,035
MetaMetrics Home Office Staff														
Assoc. Project Administrator: L.T. Suria	291	/day	1	PM	6,402	1	PM	6,722	1	PM	7,058	3	PM	20,182
Admin./Research Support	118	/day	1	PM	2,596	1	PM	2,726	1	PM	2,852	3	PM	8,184
Total MMI Home Office Staff					8,998			9,448			9,920			28,366
LONG-TERM OVERSEAS STAFF														
MMI Long-Term Overseas Staff														
MMI Long-Term Staff: Paul Benjamin	3,250	/month	11	PM	35,750	12	PM	40,950	12	PM	42,948	35	PM	119,698
Total MMI Long-Term Overseas Staff					35,750			40,950			42,948			119,698
FRINGE BENEFITS														
CAU														
Home Office Staff	26.29%		74,382		19,555	96,743		25,434	94,910		24,952	266,035		69,941
Total CAU Fringe Benefits					19,555			25,434			24,952			69,941
OVERHEAD														
CAU														
Home Office Overhead	55.00%		74,382		40,910	96,743		53,209	94,910		70,736	266,035		164,855
Total CAU Overhead					40,910			53,209			70,736			164,855
MetaMetrics														
Home Office Overhead	74.53%		8,998		6,706	9,448		7,042	9,920		7,394	28,366		21,141
Overseas Overhead	56.81%		35,750		20,310	40,950		23,264	42,948		24,527	119,698		68,000
Total MetaMetrics Overhead					27,016			30,305			31,920			89,141
CAU Cost Sharing														
CAU Admin./Overnight: (K. Boca/S. Lewis)	321	/day	1	PM	7,062	1	PM	7,415	1	PM	7,786	3	PM	21,263
Indirect Costs/Fringe	81.29%		7,062		5,741	7,415		6,028	7,786		6,329	22,263		18,098
Facilities, Utilities, Staff Support	600	/PM	19	PM	11,400	24	PM	15,120	23	PM	15,219	56	PM	41,735
Total CAU Cost Sharing					24,203			28,563			29,330			91,096

METAMETRICS INC

	Amount	Base	Number	Unit	Total Year 1	Number	Unit	Total Year 2	Number	Unit	Total Year 3	Number	Unit	TOTAL
OTHER DIRECT COSTS														
CAU Other Direct Costs														
Telephone, Postage, Delivery	150	/month	11 mos.		1,650	12 mos.		1,890	12 mos.		1,985	35 mos.		5,525
Photocopy	20	/month	11 mos.		220	12 mos.		252	12 mos.		265	35 mos.		737
Workman's Comp. SITTA (DBA Insurance)	5.95%				\$30,250			\$38,115			\$33,351			6,052
Total CAU Other Direct Costs					3,670			4,410			4,234			12,314
MetaMetrics Other Direct Costs														
Telephone, Postage, Delivery	100	/month	11 mos.		1,100	12 mos.		1,260	12 mos.		1,127	35 mos.		3,683
Photocopy	10	/month	11 mos.		110	12 mos.		126	12 mos.		132	35 mos.		363
Medical Exam - Field Employee	300	/exam	1 exams		300	exams		0	1 exams		331	2 exams		631
Medical Exam - Dependents	300	/exam	3 exams		900	exams		0	3 exams		992	6 exams		1,892
Health Insurance - Field Employee, Family	110	/month	11 mos.		1,210	12 mos.		1,386	12 mos.		1,455	35 mos.		4,051
Evac Insurance - Field Employee, Family	170	/year	1 yr.		170	1 yr.		179	1 yr.		187	3 mos.		536
Workman's Comp. (DBA Insurance)	5.95%				\$35,750			\$40,950			\$42,998			7,122
Total MetaMetrics Other Direct Costs					5,917			5,387			6,979			18,284
ALLOWANCES														
MetaMetrics Allowances														
Long-Term Personnel														
Post Differential	20.00%				\$35,750			\$40,950			\$42,998			23,940
Educational Allowance	10,000	/child	2 Child.		20,000	2 Child.		20,000	2 Child.		20,000			60,000
Living Quarters Allowance (Rent)	500	/month	10 mos.		5,000	12 mos.		6,300	12 mos.		6,615	34 mos.		17,915
Utilities	100	/month	10 mos.		1,000	12 mos.		1,260	12 mos.		1,323	34 mos.		3,583
Repairs and Maintenance	100	/month	10 mos.		1,000	12 mos.		1,260	12 mos.		1,323	34 mos.		3,583
Storage	150	/month	11 mos.		1,650	12 mos.		1,890	12 mos.		1,985	35 mos.		5,525
Shipment Consumables	2.08	/lb	1,250 lbs		2,600	0 lbs		0	0 lbs		0	1,250 lbs		2,600
Exc. Accompanied Baggage 10 kg per person	\$10.00	/kg	40 kgs		400	40 kgs		420	40 kgs		441	120 kgs		1,261
Unaccompanied Air Baggage (UAB)	3.50	/lb	800 lbs		2,800	lbs		0	800 lbs		3,087	1,600 lbs		5,887
Moving in/out of storage	1,000	/bldg	1 bldg		1,000	bldg		0	1 bldg		1,103	2 bldg		2,103
Temporary Lodging (TLA) - Kathmandu	193	/day	30 days		5,790	0 days		0	0 days		0	30 days		5,790
Total MetaMetrics Allowances					48,390			39,320			44,476			132,186
TRAVEL/TRANSPORTATION/PER DIEM														
CAU Travel/Transportation/Per Diem														
Home Office and Short-Term TA														
Travel Fares - IN/Kathmandu														
Business Class	4,500	/R/T	3 R/T		13,500	2 R/T		9,450	2 R/T		9,923	7 R/T		32,873
Economy	3,400	/R/T	3 R/T		10,200	4 R/T		14,280	4 R/T		14,974	11 R/T		39,474
Visa/Passport/Immunization	75	/trip	6 trips		450	6 trips		473	6 trips		496	18 day		1,419
Meals	17	/mo	6 mos		102	6 mos		107	6 mos		112	18 mos		322
Local Transportation	40	/trip	5 trips		240	5 trips		252	5 trips		265	14 day		757
Food/Lodging/Per Diem - Kathmandu	96	/day	180 days		17,280	180 days		18,144	150 days		19,051	540 days		54,475
Total CAU Travel/Transportation/Per Diem					41,772			42,706			44,841			129,318

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METAMETRICS INC.

	Amount	Base	Number	Unit	Total Year 1	Number	Unit	Total Year 2	Number	Unit	Total Year 3	Number	Unit	TOTAL
MetaMetrics Travel/Transportation/Per Diem														
MetaMetrics Long-Term Personnel														
Travel Fares - U.S./Kathmandu, R&R, Leave														
One Way	1,700	/O/W	1	O/W	1,700			0	1	O/W	1,874	2	O/W	3,574
R/T	3,000	/R/T	1	R/T	3,000	1	R/T	3,150		R/T	0	2	R/T	6,150
Travel Fares - Spouse, Dependents														
One Way	1,700	O/W	3	O/W	5,100			0	3	O/W	5,629	6	O/W	10,729
R/T	3,000	/R/T	3	R/T	9,000	3	R/T	9,450		R/T	0	6	R/T	18,450
Visa/Passport/Immunization	75	/trip	4	trips	300	4	trips	315	4	trips	331	12	trips	946
Food/ Lodging/Per Diem - Nepal	33	/day	100	days	3,300	100	days	3,465	100	days	3,630	300	days	10,400
Food/ Lodging/Per Diem - Washington	148	/day	7	days	1,036	7	days	1,088	7	days	1,142	21	days	3,266
Home Office and Short Term TA														
Travel Fares - DC/Kathmandu	4,500	/R/T	1	R/T	4,500	1	R/T	4,725	1	R/T	4,961	3	R/T	14,186
Visa/Passport/Immunization	75	/trip	1	trips	75	1	trips	79	1	trips	83	3	trips	236
Medex	17	/mo	1	mo	17	1	mo	18	1	mo	19	3	mos	54
Local Transportation	40	/trip	1	trips	40	1	trips	42	1	trips	44	3	trips	126
Food/ Lodging/Per Diem - Kathmandu	96	/day	20	days	1,920	20	days	2,016	20	days	2,112	60	days	6,053
Total MMI Travel/Transportation/Per Diem					29,924			24,347			19,832			74,167
Total MetaMetrics Salary, Overhead, Costs					156,059			149,755			150,025			461,841
Total MetaMetrics G&A	22.63%				35,316			33,890			35,308			104,515
COMMODITY PROCUREMENT														
Vehicle, 4-wheel Drive	30,000	each	1		30,000			0			0	1		30,000
Motorcycles	3,000	each	4		12,000			0			0	4		12,000
Generators											0	1		12,000
20KVA	12,000	each	1		12,000			0			0	1		5,000
6KVA	5,000	each	1		5,000			0			0	1		20,491
Fuel, Maintenance, Filters, Installation	6,500	/year	1		6,500	1		6,825	1		7,160	3		23,000
Office Furnishings/Equipment	23,000		1		23,000			0			0	1		8,000
Household Furnishings	8,000		1		8,000			0			0	1		25,000
Computers/Word Processing/Software	25,000		1		25,000			0			0	1		8,000
Training/Audio and Visual Equipment	8,000		1		8,000			0			0	1		193,491
Total Commodity Procurement					129,500			6,825			7,160			193,491
KATHMANDU OFFICE EXPENSES														
Local Hire Staff (includes benefits)														
Project Manager, FSN-12	540	/mo.	3	mos.	1,620	0	mos.	0	0	mos.	0	3		1,620
Office Manager, FSN-10	320	/mo.	12	mos.	3,840	12	mos.	4,032	12	mos.	4,224	36		12,106
Accountant, FSN-9	290	/mo.	12	mos.	3,480	12	mos.	3,654	12	mos.	3,837	36		10,971
Information Asst./Librarian, FSN-7 P/T	120	/mo.	12	mos.	1,440	12	mos.	1,512	12	mos.	1,584	36		4,540
Secretary, FSN-5	200	/mo.	12	mos.	2,400	12	mos.	2,520	12	mos.	2,646	36		7,566
Driver, FSN-4	167	/mo.	12	mos.	2,000	12	mos.	2,100	12	mos.	2,205	36		6,305
Office Expenses														
Office Rent	600	/mo.	12	mos.	7,200	12	mos.	7,560	12	mos.	7,935	36		22,698
Utilities	200	/mo.	12	mos.	2,400	12	mos.	2,520	12	mos.	2,646	36		7,566
Communications	700	/mo.	12	mos.	8,400	12	mos.	8,820	12	mos.	9,261	36		26,481
Supplies	200	/mo.	12	mos.	2,400	12	mos.	2,520	12	mos.	2,646	36		7,566
Vehicle Fuel and Maintenance	1,000	/mo.	12	mos.	12,000	12	mos.	12,600	12	mos.	13,230	36		37,833
Total Kathmandu Office Expenses					47,180			47,838			50,230			145,248

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 METAMETRICS INC

	Amount	Base	Number	Unit	Total Year 1	Number	Unit	Total Year 2	Number	Unit	Total Year 3	Number	Unit	TOTAL
TRAINING EXPENSES														
Conferences	5,000	/each	1	evts.	5,000	1	evts.	5,250	1	evts.	5,513	3		15,763
Workshops	1,000	/each	7	evts.	7,000	7	evts.	7,250	7	evts.	7,717	21		22,008
Allowances	500	/each	7	evts.	3,500	7	evts.	3,675	7	evts.	3,850	21		11,334
Total Training Expenses					15,500			16,275			17,080			48,864
LOCAL SUBCONTRACTOR(S)														
Full-Time Staff														
District Staff, PSN 10	7,200	/yr	3	yrs.	21,600	3	yrs.	22,680	3	yrs.	23,814	9	yrs.	68,094
Admin. Support, Facilities	1,000	/yr.	3	yrs.	3,000	3	yrs.	3,150	3	yrs.	3,300	9	yrs.	9,458
Part-Time Staff														
Training & Information, PSN-8	420	/mo.	36	mos.	15,120	36	mos.	15,876	36	mos.	16,670	108	mos.	47,666
Special Studies														
Local Consultants	850	/mo.	6	mos.	5,100	6	mos.	5,355	6	mos.	5,623	18	mos.	16,078
Total Local Subcontractor(s)					44,820			47,061			49,414			141,295
Local Matching Grants														
Village/District Grants	1,000	/grnt	9	grts	9,000	9	grts	9,450	9	grts	9,923	27	grts	28,373
Total Local Matching Grants					9,000			9,450			9,923			28,373
TOTAL CAU SALARIES AND INDIRECT COSTS					134,847			175,356			190,594			500,831
TOTAL CAU COST SHARING					24,203			28,563			29,330			82,096
TOTAL METAMETRICS SUBCONTRACT					191,375			183,547			191,333			566,255
TOTAL OTHER DIRECT COSTS					291,442			174,565			182,590			648,604
TOTAL BUDGET					641,867			562,161			594,158			1,798,186

LINE ITEM SUMMARY

NEPAL LOCAL GOVERNMENT PROJECT

CONTRACT NO.

CONTRACT LINE ITEM SUMMARY: Corrected September 21, 1993

UNAVAILABLE COPY

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	Total Year 1	Total Year 2	Total Year 3	TOTAL
SUMMARY				\$264,035
Salaries and Wages	\$74,382	\$90,743	\$94,910	69,941
Fringe Benefits	19,555	25,434	24,952	164,853
Overhead	40,919	53,209	70,736	500,831
TOTAL CAU SALARIES AND INDIRECT COSTS	134,857	175,386	190,598	52,096
CAU COST SHARING	24,203	28,563	29,350	11,314
Other Direct Costs	3,670	4,410	4,234	129,319
Travel, Transportation, & Per Diem	41,772	42,706	44,843	566,355
Subcontract	191,375	183,647	191,333	143,591
Commodities	129,500	6,825	7,164	145,248
Local and District Office Expenses	47,180	47,835	50,210	48,864
Training Expenses	15,500	16,275	17,089	141,295
Local Subcontractor(s)	44,820	47,061	49,414	28,173
Local Matching Grants	9,000	9,450	9,923	\$1,798,186
TOTAL COSTS PLUS CAU COST SHARING	\$641,867	\$562,161	\$594,158	

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APPENDIX 4C

MANDATORY STANDARD PROVISIONS FOR
U.S., NONGOVERNMENTAL GRANTEES¹INDEX OF
MANDATORY STANDARD PROVISIONS

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| 2. Accounting, Audit, and Records | 9. Nondiscrimination |
| 3. Refunds | 10. U.S. Officials Not to Benefit |
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| 5. Termination and Suspension | 12. Amendment |
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| 7. Ineligible Countries | 14. Metric System of Measurement |

* 1. ALLOWABLE COSTS (NOVEMBER 1985)

The grantee shall be reimbursed for costs incurred in carrying out the purposes of this grant which are determined by the grant officer to be reasonable, allocable, and allowable in accordance with the terms of this grant, any negotiated advance understanding on particular cost items, and the applicable* cost principles in effect on the date of this grant.

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

2. ACCOUNTING, AUDIT, AND RECORDS (AUGUST 1992)

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

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

¹When 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."

4108-14111 and on October 5, 1984, FR Vol. 49, No. 195, pages 39346-39349, on June 15, 1985, FR Vol. 49, No. 117 pages 24731-24733; and for a document relating to Final Regulations published on this program, see rule published elsewhere in this issue.

The regulations as amended implement the Museum Services Act. The amendments make technical and other changes in the eligibility conditions and other terms for the administration of the Conservation Project Support Program and remove unneeded provisions. As revised the regulations published on June 17, 1983 will apply to the award of grants for Fiscal Year 1987.

Further information: For further information contact Theresa Michel, Public Affairs Officer, Institute of Museum Services, 1100 Pennsylvania Avenue NW., Washington, DC 20506, Telephone: (202) 786-0536.

(Catalogue of Federal Domestic Assistance No. 45.301 Institute of Museum Services)

Dated: November 24, 1986.

Lois Burke Shepard,

Director, Institute of Museum Services.

[FR Doc. 86-26813 Filed 12-1-86; 9:45 am]

BILLING CODE 7036-01-M

NUCLEAR REGULATORY COMMISSION

Memorandum of Understanding (MOU) Between NRC and the Commonwealth of Pennsylvania

AGENCY: Nuclear Regulatory Commission.

ACTION: Publication of Memorandum of Understanding (MOU) between NRC and the Commonwealth of Pennsylvania.

SUMMARY: Section 274i of the Atomic Energy Act of 1954, as amended, allows the Commission to enter into agreements with the States "to perform inspections or other functions on a cooperative basis as the Commission deems appropriate." Section 274i. MOUs differ from agreements entered into between NRC and a State under the "Agreement State" program; the latter is accomplished only by entering into an agreement under section 274b of the Atomic Energy Act. A 274i MOU can be entered into by a State whether or not it has a 274b agreement.

This MOU, signed by the NRC and the Commonwealth of Pennsylvania, provides principles of cooperation between the State and NRC in areas of interest to the Commonwealth.

The MOU provides the basis for detailed subagreements in areas such as

transportation regulation at a low-level disposal site, low-level waste packaging and shipping inspections, confirmatory environmental monitoring and emergency information exchange.

Under the MOU, the State and NRC have committed to consult regularly and cooperate in devising procedures to minimize duplication of effort and avoid delays in decisionmaking.

Broad agreements such as this have been entered into by other States in the past—Washington (9/78), Oregon (1/80), Indiana (11/76), New York (3/78), and Illinois (4/84). The Memorandum of Understanding between the Commonwealth of Pennsylvania and the Nuclear Regulatory Commission is printed in its entirety below.

FOR FURTHER INFORMATION CONTACT: Paul H. Lohaus, State Liaison Officer, Region I, NRC, 631 Park Avenue, King of Prussia, PA 19406, Telephone (215) 337-5246.

Dated at King of Prussia, PA this 19th day of November 1986.

For the Nuclear Regulatory Commission,

Thomas E. Murley,

Regional Administrator, Region I.

Memorandum of Understanding Commonwealth of Pennsylvania and the U.S. Nuclear Regulatory Commission

This Memorandum of Understanding between the Commonwealth of Pennsylvania (hereafter "Commonwealth") and the U.S. Nuclear Regulatory Commission (hereafter "NRC") expresses the desire of the parties to cooperate in the regulation of nuclear activities; it sets forth mutually agreeable principles of cooperation between the Commonwealth and NRC in areas subject to the jurisdiction of the Commonwealth or the NRC or both. This Memorandum is intended to provide the basis of subsequent detailed subagreements between the parties.

Close cooperation between the signatories will help assure that the goals and policies of Commonwealth and Federal law will be carried out efficiently and expeditiously without diminishing the responsibilities or authorities of either party.

With the execution of the Memorandum, the Commonwealth and NRC agree to consult regularly and to cooperate in exploring and devising appropriate procedures to minimize duplication of effort to the extent permitted by Commonwealth and Federal law, to avoid delays in decisionmaking, and to ensure the exchange of information that is needed to make the most effective use of the resources of the Commonwealth and the NRC in order to accomplish the purpose of both parties.

Principles of Cooperation

1. Toward these goals, the State and NRC agree to explore together the development of detailed subagreements in areas of mutual concern including, but not necessarily limited to, transportation regulation, at a low-level waste disposal site, low-level waste packaging and shipping inspections,

confirmatory environmental monitoring and emergency information exchange.

2. Subagreements under this Memorandum may provide for activities to be performed by either party under mutually acceptable guidelines and criteria which assure that the needs of both are met. For activities performed by one party at the request of the other party under specific subagreements to this Memorandum, either party may explore means by which compensation can be made available to the other party or by which the costs may be shared by the parties.

3. NRC agrees to explore with the Commonwealth the possibility of sharing with the Commonwealth proprietary and other information in NRC's possession that is exempt from mandatory public disclosure.

4. Nothing in this Memorandum is intended to restrict or extend the constitutional or statutory authority of either NRC or the Commonwealth or to affect or vary the terms of a future agreement between the Commonwealth and the NRC under section 274b of the Atomic Energy Act of 1954, as amended.

5. The principal NRC contact under this Memorandum shall be the Director of the Office of State Programs. The principal Commonwealth contact shall be the Director of the Pennsylvania Bureau of Radiation Protection or his or her designee. Subagreements will name appropriate individuals, agencies or offices as contacts.

6. This Memorandum shall take effect upon signing by the Governor of the Commonwealth of Pennsylvania and the Chairman of the Nuclear Regulatory Commission, and may be terminated by either party upon 30 days of written notice.

For the Commonwealth of Pennsylvania,

Dated at Harrisburg, Pa. This 4th day of November, 1986.

Dick Thornburgh,

Governor.

For the United States Nuclear Regulatory Commission,

Dated at Washington, DC. This 27th day of June.

Nunzio J. Palladino,

Chairman.

[FR Doc. 86-27032 Filed 12-1-86; 8:45 am]

BILLING CODE 7850-01-M

OFFICE OF MANAGEMENT AND BUDGET

Revision of OMB Circular A-21, "Cost Principles for Educational Institutions"

AGENCY: Office of Management and Budget.

ACTION: Notice of revision to OMB Circular A-21, "cost principles for educational institutions".

SUMMARY: This notice revises the fixed allowance for the administrative efforts of university faculty, department heads, and selected professional personnel relating to federally-sponsored research

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APPENDIX 4C

MANDATORY STANDARD PROVISIONS FOR
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| 4. Revision of Grant Budget | 11. Nonliability |
| 5. Termination and Suspension | 12. Amendment |
| 6. Disputes | 13. Notices |
| 7. Ineligible Countries | 14. Metric System of Measurement * |

1. ALLOWABLE COSTS (NOVEMBER 1985)

The grantee shall be reimbursed for costs incurred in carrying out the purposes of this grant which are determined by the grant officer to be reasonable, allocable, and allowable in accordance with the terms of this grant, any negotiated advance understanding on particular cost items, and the applicable* cost principles in effect on the date of this grant.

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

2. ACCOUNTING, AUDIT, AND RECORDS (AUGUST 1992)

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

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

¹When 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."

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

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

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

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

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

(7) Accounting records that are supported by documentation that at a minimum will identify, segregate, accumulate, and record all costs incurred under a grant and which fully disclose (i) the amount and disposition by the grantee of the proceeds of such assistance, (ii) the total cost of the project or undertaking in connection with which such assistance is given or used, (iii) the amount of that portion of the cost of the project or undertaking supplied by other sources, and (iv) such other records as will facilitate an effective audit.

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

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

(c) If the grantee is a nonprofit institution, it shall conduct audits in accordance with the requirements of OMB Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions" and shall ensure that nonprofit subrecipients conduct audits and submit them to the grantee in accordance with the Circular.

(d) The grantee shall preserve and make available such records for examination and audit by AID and the Comptroller General of the United States, or their authorized representatives:

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

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

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

(e) The grantee shall insert paragraph (d) above in all subagreements.

3. REFUNDS (SEPTEMBER 1990)

*

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

(b) Funds obligated by 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 and not encumbered by a legally binding transaction applicable to this grant at the time of expiration or termination of the grant shall be refunded to AID.

(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.

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4. REVISION OF GRANT BUDGET (NOVEMBER 1985)

- (a) The approved grant budget is the financial expression of the grantee's program as approved during the grant award process.
- (b) The grantee shall immediately request approval from the grant officer when there is reason to believe that within the next 30 calendar days a revision of the approved grant budget will be necessary for the following reasons:
- (1) Changes in the scope or the objectives of the program and/or revisions in the funding allocated among program objectives.
 - (2) The need for additional funding.
 - (3) The grantee expects the amount of 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 substantive programmatic work under this grant, and such contracts or subgrants were not included in the approved grant budget.
 - (6) The grantee plans to incur an expenditure which would require advance approval in accordance with the applicable Federal cost principles and was not included in the approved grant budget.
 - (7) The grantee plans to transfer funds allotted for training allowances to other categories of expense.
- (c) When requesting approval for budget revisions, the grantee shall use the budget formats that were used in the application unless a letter request will suffice.
- (d) Within 30 calendar days from the date of the receipt of the request for budget revisions, the grant officer shall review the request and notify the grantee whether the budget revisions have been approved. If the revisions are still under consideration at the end of 30 calendar days, the grant officer shall inform the grantee in writing of the date when the grantee may expect the decision. The grant officer shall obtain the project officer's clearance on all such requests prior to communication with the grantee.

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

(f) Except as required by other provisions of this grant specifically stated to be an exception from this provision, the Government shall not be obligated to reimburse the grantee for costs incurred in excess of the total amount obligated under the grant. The grantee shall not be obligated to continue performance under the grant (including actions under the "Termination and Suspension" provision) or otherwise to incur costs in excess of the amount obligated under the grant, unless and until the grant officer has notified the grantee in writing that such obligated amount has been increased and has specified in such notice the new obligated grant total amount.

5. TERMINATION AND SUSPENSION (AUGUST 1992)

* (a) For Cause. The grant officer may terminate this grant for cause at any time, in whole or in part, upon written notice to the grantee, whenever it is determined that the grantee has failed to comply with the terms and conditions of the grant.

(b) For Convenience. This grant may be terminated for convenience at any time by either party, in whole or in part, if both parties agree that the continuation of the grant would not produce beneficial results commensurate with the further expenditure of funds. Both parties shall agree upon termination conditions, including the effective date and, in the case of partial terminations, the portion to be terminated. The agreement to terminate shall be set forth in a letter from the grant officer to the grantee.

(c) Suspension or Termination for Changed Circumstances. If at any time AID determines that continuation of all or part of the funding for a program should be suspended or terminated because such assistance would not be in the national interest of the United States or would be in violation of an applicable law, then AID may, following notice to the grantee, suspend or terminate this grant in whole or in part and prohibit the grantee from incurring additional obligations chargeable to this grant other than those costs specified in the notice of suspension 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.

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(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 (AUGUST 1992)

*

(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 Associate Administrator for Finance and Administration. Any appeal made under this provision shall be in writing and addressed to the Deputy Associate Administrator for Finance and Administration, 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 Associate Administrator for Finance and Administration, 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 Associate Administrator for Finance and Administration 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.

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* 8. DEBARMENT, SUSPENSION, AND RELATED MATTERS (AUGUST 1992)

(a) As a condition of receiving this grant, the grantee has submitted the certifications required by AID Regulation 8 (22 CFR Part 208) both for itself and any prospective lower tier participants identified up to the date of award of the grant. The grantee also agrees to secure required certifications from lower tier participants identified after the date of the award, to notify AID in the event of changed circumstances affecting the validity of its certifications, to require lower tier participants to notify the grantee in the event of changed circumstances affecting the validity of their certifications, and to otherwise comply with AID Regulation 8 in all respects.

(b) In addition to the above, 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 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.

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9. NONDISCRIMINATION (MAY 1986)

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

No U.S. citizen or legal resident shall be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity funded by this grant on the basis of race, color, national origin, age, handicap, or sex.

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

No member of or delegate to the U.S. Congress or resident U.S. Commissioner shall be admitted to any share or part of this grant or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this grant if made with a corporation for its general benefit.

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11. NONLIABILITY (NOVEMBER 1985)

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

12. AMENDMENT (NOVEMBER 1985)

The grant may be amended by formal modifications to the basic grant document or by means of an exchange of letters between the grant officer and an appropriate official of the grantee.

13. NOTICES (NOVEMBER 1985)

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

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

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

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

* 14. METRIC SYSTEM OF MEASUREMENT (AUGUST 1992)

Wherever measurements are required or authorized, they shall be made, computed, and recorded in metric system units of measurement, unless otherwise authorized by the grant officer in writing when it has found that such usage is impractical or is likely to cause U.S. firms to experience significant inefficiencies or the loss of markets. Where the metric system is not the predominant standard for a particular application, measurements may be expressed in both the metric and the traditional equivalent units, provided the metric units are listed first.

(END OF MANDATORY STANDARD PROVISIONS)

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OPTIONAL STANDARD PROVISIONS FOR
U.S., NONGOVERNMENTAL GRANTEES

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

	Page No.	_____
* 1. OMB Approval Under the Paperwork Reduction Act	4C-10	_____
2. Payment - Letter of Credit	4C-11	X _____
3. Payment - Periodic Advance	4C-13	_____
4. Payment - Cost Reimbursement	4C-15	_____
5. Air Travel and Transportation	4C-16	X _____
6. Ocean Shipment of Goods	4C-20	X _____
7. Procurement of Goods and Services	4C-21	X _____
8. AID Eligibility Rules for Goods and Services	4C-27	X _____
9. Subagreements	4C-31	X _____
10. Local Cost Financing	4C-33	X _____
11. Patent Rights	4C-35	_____
12. Publications	4C-42	X _____
13. Negotiated Indirect Cost Rates - Predetermined	4C-43	_____
14. Negotiated Indirect Cost Rates - Provisional (Nonprofits)	4C-44	X _____
15. Negotiated Indirect Cost Rates - Provisional (For-profits)	4C-46	_____
16. Regulations Governing Employees	4C-47	X _____
17. Participant Training	4C-48	X _____
18. Voluntary Population Planning	4C-49	_____
19. Protection of the Individual as a Research Subject	4C-56	_____
20. Care of Laboratory Animals	4C-57	_____
21. Title to and Use of Property (Grantee Title)	4C-58	_____
22. Title to and Care of Property (U.S. Government Title)	4C-63	_____
23. Title to and Care of Property (Cooperating Country Title)	4C-67	X _____
24. Cost Sharing (Matching)	4C-71	_____
25. Use of Pouch Facilities	4C-75	X _____
26. Conversion of United States Dollars to Local Currency	4C-77	X _____
27. Public Notice	4C-78	X _____
28. Rights in Data	4C-79	X _____

(INCLUDE THIS PAGE IN THE GRANT)

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* 1. OMB APPROVAL UNDER THE PAPERWORK REDUCTION ACT (AUGUST 1992)

(This provision is applicable whenever any of the nine provisions below containing an information collection requirement is included in the grant.)

Information collection requirements imposed by this grant are covered by OMB approval number 0412-0510; the current expiration date is 7/31/94. Identification of the Standard Provision containing the requirement and an estimate of the public reporting burden (including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information) are set forth below.

<u>Standard Provision</u>	<u>Burden Estimate</u>
5 Air Travel and Transportation	1 (hour)
6 Ocean Shipment of Goods	.5
7 Procurement of Goods and Services	1
11 Patent Rights	.5
12 Publications	.5
13/14 Negotiated Indirect Cost Rates - Predetermined and Provisional	1
18 Voluntary Population Planning	.5
19 Protection of the Individual as a Research Subject	1
21 Title to and Use of Property (Grantee Title)	1.5

Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Procurement Policy and Evaluation Staff (FA/PPE), Agency for International Development, Washington, DC 20523-1435 and to the Office of Management and Budget, Paperwork Reduction Project (0412-0510), Washington, DC 20503.

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2. PAYMENT - LETTER OF CREDIT (AUGUST 1992)

- * (This provision is applicable only when the following conditions are met: (i) the total advances under all the grantee's cost-reimbursement contracts and assistance instruments with AID equal or exceed \$50,000 per annum, (ii) AID 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 AID's Office of Financial Management, Cash Management and Payment Division (FA/FM/CMP).

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

(c) Reporting:

(1) A "Financial Status Report" SF-269, shall be prepared on an accrual basis and submitted quarterly no later than 30 days after the end of the period, in an original and two copies to AID/FA/FM/CMP, Washington, D.C. 20523-0209. 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 FA/FM/CMP. In cases where grants are Mission funded, the Grantee will forward an information copy to the AID Mission accounting station at the same time the original is mailed to FA/FM/CMP, AID/Washington.

(2) The grantee shall submit an original and one copy of SF-272, "Federal Cash Transactions Report," within 15 working days following the end of each quarter to FA/FM/CMP. 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. Interest earned shall be reported in Section 13a of the report and shall be paid to AID on a quarterly basis, unless under \$100.00 per annum.

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* (d) If during the term of the grant, FA/FM/CMP believes that the LOC should be revoked, FA/FM/CMP may, after consultation with the Grant Officer and GC, revoke the LOC by written notification to the grantee. FA/FM/CMP shall provide the grant officer a copy of the revocation notice and recommendation for an alternative method of payment (periodic advance or cost reimbursement) based upon the reasons for the revocation. The grant officer shall immediately amend this agreement to provide for an appropriate alternative method of payment.

(e) Notwithstanding the foregoing, the letter of credit shall be revoked one year after the completion date of the latest grant.

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(END OF STANDARD PROVISION)

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* REVISED

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3. PAYMENT - PERIODIC ADVANCE (JANUARY 1988)

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

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

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

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

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

(e) A "Financial Status Report," SF-269, shall be prepared on an accrual basis by the grantee and submitted quarterly no later than 30 days after the end of the period in an original and two copies to the payment office specified in the schedule. If the grantee's accounting records are not normally kept on the accrual basis, the grantee shall not be required to convert its accounting system, but shall develop such accrual information through best estimates based on an analysis of the documentation on hand. The final SF-269 must be submitted to the payment office within 90 days after the conclusion of the grant.

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

(END OF STANDARD PROVISION)

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4. PAYMENT - COST REIMBURSEMENT (AUGUST 1992)

(This provision is applicable to grants for construction, or to grants where the grantee does not meet the conditions for either a letter of credit or periodic advance payment.)

(a) At the end of each month of this grant, the grantee shall submit an original and two copies of SF-270, "Request for Advance or Reimbursement," to the payment office address specified in the schedule of this grant.

(b) A final SF-270, shall be submitted within 60 days after the conclusion of the grant to the payment office.

* (c) The reports will be prepared on an accrual basis. However, if the grantee's accounting records are not normally kept on an accrual basis, the grantee shall not be required to convert its accounting system to meet this requirement. *

(d) Assignment of Claims (otherwise known as assignment of proceeds) is authorized under this grant and will be processed by the payment office.

(END OF STANDARD PROVISION)

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5. AIR TRAVEL AND TRANSPORTATION (AUGUST 1992)

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

- * (a) The grantee is required to notify the project officer of the proposed itinerary for each planned international trip financed by this grant, by providing the name of the traveller, purpose of the trip, origin/destination (and intervening stops), and dates of travel, as far in advance of the proposed travel as possible, but at least three weeks before travel is planned to commence. International travel, as provided for in the grant, is authorized unless otherwise disapproved by the project officer in writing prior to the commencement of travel. At least one week prior to departure, the grantee shall notify the cognizant U.S. Mission or Embassy, with a copy to the project officer of planned travel, identifying the travellers and dates and times of arrival. *

(b) Travel to certain countries shall, at AID's option, be funded from U.S.-owned local currency. When AID intends to exercise this option, AID will, after receipt of advice of intent to travel required above, either issue a U.S. Government S.F. 1169, Transportation Request (GTR) which the grantee may exchange for tickets, or AID will issue the tickets directly. Use of such U.S.-owned currencies will constitute a dollar charge to this grant.

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

(d) Use of foreign air carrier service may be deemed necessary if a U.S. flag air carrier otherwise available cannot provide the foreign air transportation needed, or if use of such service will not accomplish the agency's mission. Travel and transportation on non-free world air carriers are not 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

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

(f) Except as provided in paragraph b. of this section, U.S. flag air carrier service must be used for all Government-financed commercial foreign air travel if service provided by such carriers is available. In determining availability of a U.S. flag air carrier, the following scheduling principles should be followed unless their application results in the last or first leg of travel to or from the United States being performed by foreign air carrier:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(l) International Travel

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

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

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

(END OF STANDARD PROVISION)

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6. OCEAN SHIPMENT OF GOODS (AUGUST 1992)

* (This provision is applicable when goods purchased with funds provided under this grant are transported to cooperating countries on ocean vessels whether or not grant funds are used for the transportation.)

(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 Division, Office of Procurement, Washington, D.C. 20523, giving the basis for the request which will relieve the grantee of the requirement to use U.S. flag vessels for the amount of tonnage included in the determination. Shipments made on non-free world ocean vessels are not reimbursable under this grant.

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

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

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

(f) Shipments financed under this grant must meet applicable eligibility requirements set out in Handbook 1, Supplement B, Chapter 7.

(g) This provision will be included in all subagreements which will finance goods to be shipped on ocean vessels.

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(END OF STANDARD PROVISION)

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7. PROCUREMENT OF GOODS AND SERVICES (NOVEMBER 1985)

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

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

(a) General Requirements:

(1) The grantee 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. No employee, officer or agent shall participate in the selection, award or administration of a contract in which AID funds are used, where, to that individual's knowledge, the individual or the individual's immediate family, partners, or organization in which the individual or the individual's immediate family or partners has a financial interest or with whom that individual is negotiating or has any arrangement concerning prospective employment. The grantee's 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 grantees' 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 grantee should be alert to organizational conflicts of interest or noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, invitations for bids and/or requests for proposals should be excluded from competing for such procurements. Awards shall be made to the bidder/offeror whose bid/offer is responsive/responsible to the solicitation and is most advantageous to the grantee, price and other factors considered. Solicitations shall clearly set forth all requirements that the bidder/offeror must fulfill in order to be evaluated by the grantee. Any and all bids/offers may be rejected when it is in the grantee's interest to do so.

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

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

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

(iii) Positive efforts shall be made by the grantee to utilize small business and minority-owned business sources of supplies and services. Such efforts should allow these sources the maximum feasible opportunity to compete for contracts utilizing AID funds. To permit AID, in accordance with the small business provisions of the Foreign Assistance Act of 1961, as amended, to give United States small business firms an opportunity to participate in supplying commodities and services procured under this grant, the grantee shall to the maximum extent possible provide the following information to the Office of Small Disadvantaged Business Utilization, 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, proposals, or bids; and
- (C) Address where solicitations or specifications can be obtained.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(10) Contracts in excess of \$100,000 to be performed in the United States shall contain a provision that requires the contractor to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act of 1970 (42 U.S.C. 7401) and the Federal Water Pollution Control Act (33 U.S.C. 1251, et seq.) as amended. * Violations shall be reported to AID and the Regional Office of the Environmental Protection Agency. *

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

(END OF STANDARD PROVISION)

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8. AID ELIGIBILITY RULES FOR GOODS AND SERVICES (AUGUST 1992)

(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. AID's policy on ineligible and restricted goods and services is contained in Chapter 4 of AID Handbook 1, Supplement B, entitled "Procurement Policies".

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

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

* (2) Ineligible Suppliers. Funds provided under this grant shall not be used to procure any goods or services furnished by any firms or individuals whose name appears on the "Lists of Parties Excluded from Federal Procurement and Nonprocurement Programs." AID will provide the grantee with a copy of these lists 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.

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* (b) Source and Nationality: The eligibility rules for goods and services based on source and nationality are divided into two categories. One applies when the total procurement element 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, or the grant is funded under the Development Fund for Africa (DFA) regardless of the amount. 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 and definitions on source (including origin and componentry) and nationality are contained in Chapter 5 of AID Handbook 1, Supplement B, entitled "Procurement Policies."

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

(i) The authorized source for procurement of all goods and services to be reimbursed under the grant is AID Geographic Code 935, "Special Free World," and such goods and services must meet the source (including origin and componentry) and nationality requirements set forth in Handbook 1, Supp. B, Chapter 5 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), and
- (D) "Special Free World" countries (AID Geographic Code 935).

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

(A) The procurement was of an emergency nature, which would not allow for the delay attendant to soliciting U.S. sources,

(B) The price differential for procurement from U.S. sources exceeded by 50% or more the delivered price from the non-U.S. source,

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* (C) Compelling 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 (unless funded by DFA), the following applies: Except as may be specifically approved or directed in advance by the grant officer, all goods and services financed with U.S. dollars, which will be reimbursed under this grant must meet the source (including origin and componentry) and nationality requirements set forth in Handbook 1, Supp B, Chapter 5 for the authorized geographic code specified in the schedule of this grant. If none is specified, the authorized source is Code 000, the United States. *

(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:

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- (1) The United States (AID Geographic Code 000),
- (2) The Cooperating Country,
- (3) "Selected Free World" countries (AID Geographic Code 941), and
- (4) "Special 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.

- * (g) This provision will be included in all subagreements which include procurement of goods or services over \$5,000. *

(END OF STANDARD PROVISION)

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9. SUBAGREEMENTS (AUGUST 1992)

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

* (a) Funds provided under this grant shall not be used to support any subrecipient whose name appears on the "Lists of Parties Excluded from Federal Procurement and Nonprocurement Programs." AID will provide the grantee with a copy of these lists upon request.

(b) All subagreements shall as a minimum contain, in addition to provisions to define a sound and complete agreement, the following provisions as well as any that are specifically required by any other provision in this grant. Whenever a provision within this grant is required to be inserted in a subagreement, the grantee shall insert a statement in the subagreement that in all instances where the U.S. Government is mentioned, the grantee's name will be substituted.

(1) Subagreements in excess of \$10,000 shall contain provisions or conditions that will allow for administrative or legal remedies in instances where subrecipients violate subagreement terms and provide for such remedial action as may be appropriate.

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

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

(4) A grantee that receives an AID grant and provides \$25,000 or more of it during its fiscal year to a sub-recipient shall follow the guidelines of OMB Circular A-133. The grantee shall ensure that:

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(i) the nonprofit institution sub-recipients that receive \$25,000 or more have met the audit requirements of OMB Circular A-133, and that sub-recipients subject to OMB Circular A-128 have met the audit requirements of that Circular;

(ii) appropriate corrective action is taken within six months after receipt of the sub-recipient audit report in instances of noncompliance with Federal laws and regulations;

(iii) they consider whether sub-recipients audits necessitate adjustment of the grantee's own records; and

(iv) each sub-recipient is required to permit independent auditors to have access to the records and financial statements as necessary for the grantee to comply with OMB Circular A-133.

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(END OF STANDARD PROVISION)

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* 10. LOCAL COST FINANCING (JUNE 1993)

This provision is applicable when the total estimated procurement element for the life of the grant is valued over \$250,000 and the grant is not funded under DFA.

(a) Financing local procurement involves the use of appropriated funds to finance the procurement of goods and services supplied by local businesses, dealers or producers, with payment normally being in the currency of the cooperating country.

(b) All locally financed procurements must be covered by source and nationality waivers as set forth in AID Handbook 1, Supplement B, Chapter 5 with the following exceptions:

(1) Locally available commodities of U.S. origin, which are otherwise eligible for financing, if the value of the transaction is estimated not to exceed \$100,000 exclusive of transportation costs.

(2) Commodities of geographic code 935 origin if the value of the transaction does not exceed the local currency equivalent of \$5,000.

(3) Professional Services Contracts estimated not to exceed \$250,000.

(4) Construction Services Contracts estimated not to exceed \$5,000,000.*

(5) Commodities and services available only in the local economy (no specific per transaction value applies to this category). This category includes the following items:

(i) Utilities including fuel for heating and cooking, waste disposal and trash collection;

(ii) Communications - telephone, telex, fax, postal and courier services;

(iii) Rental costs for housing and office space;

(iv) Petroleum, oils and lubricants for operating vehicles and equipment;

(v) Newspapers, periodicals and books published in the cooperating country;

(vi) Other commodities and services and related expenses that, by their nature or as a practical matter, can only be acquired, performed, or incurred in the cooperating country, e.g., vehicle maintenance, hotel accommodations, etc.

(c) All procurements under grants financed with DFA funds and grants with procurement elements of \$250,000 or less are subject to the guidance provided under standard provision "AID Eligibility Rules for Goods and Services."

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(d) 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.

(e) 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 the "Lists of Parties Excluded from Federal Procurement and Nonprocurement Programs." AID will provide the grantee with these lists upon request.

(f) 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.

(g) 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.

(h) This provision will be included in all subagreements where the procurement of goods or services will be required.

(END OF STANDARD PROVISION)

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11. PATENT RIGHTS (AUGUST 1992)

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

(a) Definitions.

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

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

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

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

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

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

(b) Allocation of Principal Rights: The grantee may retain the entire right, title, and interest throughout the world to each subject invention subject to the provisions of this clause and 35 U.S.C. 203. With respect to any subject invention in which the grantee retains title, the Federal Government shall have a non-exclusive, non-transferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States the subject invention throughout the world.

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

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

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

(3) The grantee shall file its initial patent application on a subject invention to which it elects to retain title within 1 year after election of title or, if earlier, prior to the end of any statutory period wherein valid patent protection can be obtained in the United States after a publication, on sale, or public use. The grantee shall file patent applications in additional countries within either ten months of the corresponding initial patent application or six months from the date permission is granted by the Commissioner of Patents and Trademarks to file foreign patent applications where such filing has been prohibited by a Secrecy Order.

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

(d) Conditions When the Government May Obtain Title:

The grantee shall convey to AID upon written request, title to any subject invention: *

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

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

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

(e) Minimum Rights to Grantee:

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

(2) The grantee's domestic license may be revoked or modified by AID to the extent necessary to achieve expeditious practical application of the subject invention pursuant to an application for an exclusive license submitted in accordance with applicable provisions in 37 CFR Part 4 and agency licensing regulations (if any). This license shall not be revoked in that field of use or the geographical areas in which the grantee has achieved practical application and continues to make the benefits of the invention reasonably accessible to the public. The license in any foreign country may be revoked or modified at the discretion of AID to the extent the grantee, its licensees, or its domestic subsidiaries or affiliates have failed to achieve practical application in that foreign country.

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(3) Before revocation or modification of the license, AID will furnish the grantee written notice of its intention to revoke or modify the license, and the grantee shall be allowed thirty days (or such other time as may be authorized by AID for good cause shown by the grantee) after the notice to show cause why the license should not be revoked or modified. The grantee has the right to appeal, in accordance with applicable regulations in 37 CFR Part 404 and agency regulations, if any, concerning the licensing of Government-owned inventions, if any decision concerning the revocation or modification of its license.

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

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

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

(3) The grantee shall notify AID of any decision not to continue the prosecution of a patent application, pay maintenance fees, or defend in a reexamination or opposition proceeding on a patent, in any country, not less than 30 days before the expiration of the response period required by the relevant patent office.

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

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

(h) Reporting Utilization of Subject Inventions: The grantee agrees to submit on request periodic reports no more frequently than annually on the utilization of a subject invention or on efforts at obtaining such utilization that are being made by the grantee or its licensees or assignees. Such reports shall include information regarding the status of development, date of first commercial sale or use, gross royalties received by the grantee, and such other data and information as AID may reasonably specify. The grantee also agrees to provide additional reports as may be requested by AID in connection with any march-in proceedings undertaken by AID in accordance with paragraph (j) of this provision. As required by 35 USC 202(c)(5), AID agrees that, to the extent permitted by law, it shall not disclose such information to persons outside the Government.

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

(j) March-in Rights: The grantee agrees that with respect to any subject invention in which it has acquired title, AID has the right in accordance with the procedures in 37 CFR 401.6 and any supplemental agency regulations, to require the grantee, an assignee or exclusive licensee of a subject invention to grant a non-exclusive, partially exclusive, or exclusive license in any field of use to a responsible applicant or applicants, upon terms that are reasonable under the circumstances, and if the grantee, assignee, or exclusive licensee refuses such a request, AID has the right to grant such a license itself if AID determines that:

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

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

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

(4) Such action is necessary because the agreement required by paragraph (1) of this clause has not been obtained or waived or because a license of the exclusive right to use or sell any subject invention in the United States is in breach of such agreement.

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

(1) Rights to a subject invention in the United States may not be assigned without the approval of AID, except where such assignment is made to an organization which has as one of its primary functions the management of inventions; provided that such assignee shall be subject to the same provisions as the grantee.

(2) The grantee shall share royalties collected on a subject invention with the inventor including Federal employee coinventors, when AID deems it appropriate when the subject invention is assigned in accordance with 35 U.S.C. 202(e) and 37 CFR 401.10;

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

(4) It will make efforts that are reasonable under the circumstances to attract licensees of subject inventions that are small business firms, and it will give preference to a small business firm when licensing a subject invention if the grantee determines that the small business firm has a plan or proposal for marketing the invention which, if executed, is equally as likely to bring the invention to practical application as any plans or proposals from applicants that are not small business firms; provided, that the grantee is also satisfied that the small business firm has the capability and resources

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* to carry out its plan or proposal. The decision whether to give a preference in any specific case will be at the discretion of the grantee. However, the grantee agrees that the Secretary of Commerce may review the grantee's licensing program and decisions regarding small business applicants, and the grantee shall negotiate changes to its licensing policies, procedures, or practices with the Secretary of Commerce when the Secretary's review discloses that the grantee could take reasonable steps to more effectively implement the requirements of this subparagraph (k)(4). *

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

(END OF STANDARD PROVISION)

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12. PUBLICATIONS (AUGUST 1992)

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

- * (a) AID shall be prominently acknowledged in all publications, videos or other information/media products funded or partially funded through this grant, and the product shall state that the views expressed by the author(s) do not necessarily reflect those of AID. Acknowledgements should identify the sponsoring AID Office and Bureau or Mission as well as the U.S. Agency for International Development substantially as follows:

"This [publication, video or other information/media product (specify)] was made possible through support provided by the Office of _____, Bureau for _____, U.S. Agency for International Development, under the terms of Grant No. _____. The opinions expressed herein are those of the author(s) and do not necessarily reflect the views of the U.S. Agency for International Development."

(b) Unless the grantee is instructed otherwise by the cognizant technical office, publications, videos or other information/media products funded under this grant and intended for general readership or other general use will be marked with the AID logo and/or U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT appearing either at the top or at the bottom of the front cover or, if more suitable, on the first inside title page for printed products, and in equivalent appropriate location in videos or other information/media products. Logos and markings of co-sponsors or authorizing institutions should be similarly located and of similar size and appearance.

(c) The grantee shall provide the AID project officer and POL/CDIE, Room 215, SA-18, Washington, DC 20523-1802, with one copy each of all published works developed under the grant and with lists of other written work produced under the grant. *

(d) In the event grant funds are used to underwrite the cost of publishing, in lieu of the publisher assuming this cost as is the normal practice, any profits or royalties up to the amount of such cost shall be credited to the grant unless the schedule of the grant has identified the profits or royalties as program income.

(e) Except as otherwise provided in the terms and conditions of the grant, the author or the recipient is free to copyright any books, publications, or other copyrightable materials developed in the course of or under this grant, but AID reserves a royalty-free nonexclusive and irrevocable right to reproduce, publish, or otherwise use, and to authorize others to use the work for Government purposes.

(END OF STANDARD PROVISION)

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13. NEGOTIATED INDIRECT COST RATES - PREDETERMINED (AUGUST 1992)

* (This provision is applicable to educational or nonprofit institutions whose indirect cost rate(s) under this grant are on a predetermined basis.)

(a) The allowable indirect costs under this grant shall be obtained by applying predetermined indirect cost rate(s) to the base(s) agreed upon by the parties, as specified in the schedule of this grant.

(b) Not later than 13 months after the close of the grantee's fiscal year, the grantee shall submit to the cognizant Government Audit Activity the required OMB Circular A-133 audit, a proposed predetermined indirect cost rate(s), and supporting cost data. In the event AID is the cognizant agency or no cognizant agency has been designated, the grantee shall submit a copy of the proposed predetermined indirect cost rate(s) and supporting cost data to the AID Inspector General, Washington, DC 20523, and to the Overhead and Special Costs - Contract Closeout Branch, Office of Procurement, Washington, DC 20523. The proposed rate(s) shall be based on the grantee's actual cost experience during that fiscal year. Negotiations of predetermined indirect cost rate(s) shall begin as soon as practical after receipt of the grantee's proposal. *

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

(d) Rates for subsequent periods shall be negotiated and the results of each negotiation shall be set forth in a written indirect cost rate agreement executed by both parties. Such agreement shall be automatically incorporated into this grant upon execution and shall specify (1) the agreed upon predetermined rate(s), (2) the base(s) to which the rate(s) apply, (3) the fiscal year (unless the parties agree to a different period) for which the rate(s) apply, and (4) the specific items treated as direct costs or any changes in the items previously agreed to be direct costs. The indirect cost rate agreement shall not change any monetary ceiling, grant obligation, or specific cost allowance or disallowance provided for in this grant.

(e) Pending establishment of predetermined indirect costs rate(s) for any fiscal year or different period agreed to by the parties, the grantee shall be reimbursed either at the rate(s) fixed for the previous fiscal year or other period or at billing rate(s) acceptable to the AID grant officer subject to appropriate adjustment when the final rate(s) for the fiscal year or other period are established.

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14. NEGOTIATED INDIRECT COST RATES - PROVISIONAL (AUGUST 1992)

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

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

(b) Not later than 13 months after the close of the grantee's fiscal year, the grantee shall submit to the cognizant Government Audit Activity, in accordance with the requirements of OMB Circular A-133, an audit report along with proposed final indirect cost rate(s) and supporting cost data. In the event AID is the cognizant agency or no cognizant agency has been designated, the grantee shall submit seven copies of the OMB Circular A-133 audit along with the proposed final indirect cost rate(s) and supporting cost data to the AID Inspector General, Washington, DC 20523, and a copy to the Overhead and Special Costs - Contract Closeout Branch, Office of Procurement, Washington, DC 20523. The proposed rate(s) shall be based on the grantee's actual cost experience during that fiscal year. Negotiations of final indirect cost rate(s) shall begin as soon as practical after receipt of the grantee's proposal. *

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

(d) The results of each negotiation shall be set forth in a written indirect cost rate agreement executed by both parties. Such agreement shall specify (1) the agreed upon final rate(s), (2) the base(s) to which the rate(s) apply, and (3) the period for which the rate(s) apply. The indirect cost rate agreement shall not change any monetary ceiling, grant obligation, or specific cost allowance or disallowance provided for in this grant.

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

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

(END OF STANDARD PROVISION)

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15. NEGOTIATED INDIRECT COST RATE - PROVISIONAL (AUGUST 1992)

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(This provision is applicable to FOR-PROFIT organizations whose indirect cost rate(s) under this grant are on a provisional basis.)

(a) Until final annual indirect cost rate(s) are established for any period, the grantee shall be reimbursed either at the provisional rate(s) for the previous fiscal year or other period, or at billing rates acceptable to the AID grant officer subject to appropriate adjustment when the final rate(s) for the fiscal year or other period are established, depending on the availability of funds.

(b) The allowable indirect costs under this grant shall be obtained by applying final indirect cost rate(s) to the base(s) agreed upon by the parties, as specified in the schedule of this grant.

(c) Final annual indirect cost rate(s) and the appropriate bases shall be established in accordance with Subpart 42.7 of the Federal Acquisition Regulation (48 CFR Ch.1) in effect for the period covered by the indirect cost rate proposal.

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

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

(f) Rates for subsequent periods shall be negotiated and the results of each negotiation shall be set forth in a written indirect cost rate agreement executed by both parties. The agreement shall specify (1) the agreed upon final annual indirect cost rate(s), (2) the basis to which the rate(s) apply, (3) the periods for which the rates apply, and (4) any specific items treated as direct costs or any changes in the items previously agreed to be direct costs. The final indirect cost rate agreement shall not change any monetary ceiling, grant obligation, or specific cost allowance or disallowance provided for in this grant.

(g) Any failure by the parties to agree on any final indirect cost rate(s) under this provision shall be a dispute within the meaning of the Disputes provision.

(END OF STANDARD PROVISION)

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16. REGULATIONS GOVERNING EMPLOYEES (AUGUST 1992)

(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, including the rules contained in 22 CFR Part 136, except as this may conflict with host government regulations. *

(c) Other than work to be performed under this grant for which an employee is assigned by the grantee, no employee of the grantee shall engage directly or indirectly, either in the individual's own name or in the name or through an agency of another person, in any business, profession, or occupation in the foreign countries to which the individual is assigned, nor shall the individual make loans or investments to or in any business, profession or occupation in the foreign countries to which the individual is assigned.

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

(e) In the event the conduct of any grantee employee is not in accordance with the preceding paragraphs, the grantee's chief of party shall consult with the AID Mission Director and the employee involved and shall recommend to the grantee a course of action with regard to such employee.

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

(g) If it is determined, under either (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.

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* 17. PARTICIPANT TRAINING (AUGUST 1992)

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

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

(b) Application of Handbook 10: Participant training under this grant shall comply with the policies established in AID Handbook 10, Participant Training, except to the extent that specific exceptions to Handbook 10 have been provided in this grant with the concurrence of the Office of International Training. (Handbook 10 may be obtained by submitting a request to the Office of International Training (R&D/OIT), Agency for International Development, Washington, D.C. 20523.)

(c) Orientation: In addition to the mandatory requirements in Handbook 10, grantees are strongly encouraged to provide, in collaboration with the Mission training officer, predeparture orientation (see Chapter 13 of Handbook 10) and orientation in Washington at the Washington International Center (see Chapter 18D of Handbook 10). The latter orientation program also provides the opportunity to arrange for home hospitality in Washington and elsewhere in the United States through liaison with the National Council for International Visitors (NCIV). If the Washington orientation is determined not to be feasible, home hospitality can be arranged in most U.S. cities if a request for such is directed to the grant officer, who will transmit the request to NCIV through R&D/OIT.

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(END OF STANDARD PROVISION)

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* 18. VOLUNTARY POPULATION PLANNING (JUNE 1993) *

(This provision is applicable to all grants involving any aspect of voluntary population planning activities.)

(a) Voluntary Participation:

(1) The grantee agrees to take any steps necessary to ensure that funds made available under this grant will not be used to coerce any individual to practice methods of family planning inconsistent with such individual's moral, philosophical, or religious beliefs. Further, the grantee agrees to conduct its activities in a manner which safeguards the rights, health and welfare of all individuals who take part in the program.

(2) Activities which provide family planning services or information to individuals, financed in whole or in part under this agreement, shall provide a broad range of family planning methods and services available in the country in which the activity is conducted or shall provide information to such individuals regarding where such methods and services may be obtained.

(b) Voluntary Participation Requirements For Sterilization Programs:

(1) None of the funds made available under this grant shall be used to pay for the performance of involuntary sterilization as a method of family planning or to coerce or provide any financial incentive to any person to practice sterilization.

(2) The grantee shall ensure that any surgical sterilization procedures supported in whole or in part by funds from this grant are performed only after the individual has voluntarily gone to the treatment facility and has given informed consent to the sterilization procedure. Informed consent means the voluntary, knowing assent from the individual after being advised of the surgical procedures to be followed, the attendant discomforts and risks, the benefits to be expected, the availability of alternative methods of family planning, the purpose of the operation and its irreversibility, and the option to withdraw consent anytime prior to the operation. An individual's consent is considered voluntary if it is based upon the exercise of free choice and is not obtained by any special inducement or any element of force, fraud, deceit, duress, or other forms of coercion or misrepresentation.

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(3) Further, the grantee shall document the patient's informed consent by (i) a written consent document in a language the patient understands and speaks, which explains the basic elements of informed consent, as set out above, and which is signed by the individual and by the attending physician or by the authorized assistant of the attending physician; or (ii) when a patient is unable to read adequately a written certification by the attending physician or by the authorized assistant of the attending physician that the basic elements of informed consent above were orally presented to the patient, and that the patient thereafter consented to the performance of the operation. The receipt of the oral explanation shall be acknowledged by the patient's mark on the certification and by the signature or mark of a witness who shall be of the same sex and speak the same language as the patient.

(4) Copies of informed consent forms and certification documents for each voluntary sterilization procedure must be retained by the grantee for a period of three years after performance of the sterilization procedure.

(c) Prohibition on Abortion-Related Activities:

(1) No funds made available under this grant will be used to finance, support, or be attributed to the following activities: (i) procurement or distribution of equipment intended to be used for the purpose of inducing abortions as a method of family planning; (ii) special fees or incentives to women to coerce or motivate them to have abortions; (iii) payments to persons to perform abortions or to solicit persons to undergo abortions; (iv) information, education, training, or communication programs that seek to promote abortion as a method of family planning; and (v) lobbying for abortion.

(2) No funds made available under this grant will be used to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilizations as a means of family planning. Epidemiologic or descriptive research to assess the incidence, extent or consequences of abortions is not precluded.

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(d) The grantee shall insert this provision in all subsequent subagreements and contracts involving family planning or population activities which will be supported in whole or part from funds under this grant.

(END OF STANDARD PROVISION)

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(2) Prior to furnishing funds provided under this grant to another nongovernmental organization organized under the laws of any State of the United States, the District of Columbia, or the Commonwealth of Puerto Rico, the grantee shall obtain the written agreement of such organization that the organization shall not furnish assistance for family planning under this grant to any foreign nongovernmental organization except under the conditions and requirements that are applicable to the grantee as set forth in this paragraph (d).

(3) The grantee may not furnish assistance for family planning under this grant to a foreign nongovernmental organization (the subrecipient) unless;

(i) the subrecipient certifies in writing that it does not perform or actively promote abortion as a method of family planning in AID-recipient countries and does not provide financial support to any other foreign nongovernmental organization that conducts such activities, and

(ii) the grantee obtains the written agreement of the subrecipient containing the undertakings described in subparagraph 4. below.

(4) Prior to furnishing assistance for family planning under this grant to a subrecipient, the subrecipient must agree in writing that:

(i) The subrecipient will not, while receiving assistance under this grant, perform or actively promote abortion as a method of family planning in AID-recipient countries or provide financial support to other foreign nongovernmental organizations that conduct such activities.

(ii) The grantee and authorized representatives of AID may, at any reasonable time, (A) inspect the documents and materials maintained or prepared by the subrecipient in the usual course of its operations that describe the family planning activities of the subrecipient, including reports, brochures and service statistics; (B) observe the family planning activity conducted by the subrecipient; (C) consult with family planning personnel of the subrecipient; and (D) obtain a copy of the audited financial statement or report of the subrecipient, if there is one.

(iii) In the event the grantee or AID has reasonable cause to believe that a subrecipient may have violated its undertaking not to perform or actively promote abortion as a method of family planning, the grantee shall review the family planning program of the subrecipient to determine whether a violation of the undertaking has occurred. The subrecipient shall make available to the grantee such books and records and other information as may be reasonably requested in order to conduct the review. AID may also review the family planning program of the subrecipient under these circumstances, and AID shall have access to such books and records and information for inspection upon request.

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(iv) The subrecipient shall refund to the grantee the entire amount of assistance for family planning furnished to the subrecipient under this grant in the event it is determined that the certification provided by the subrecipient under subparagraph (3), above, is false.

(v) Assistance for family planning provided to the subrecipient under this grant shall be terminated if the subrecipient violates any undertaking in the agreement required by subparagraphs (3) and (4), and the subrecipient shall refund to the grantee the value of any assistance furnished under this grant that is used to perform or actively promote abortion as a method of family planning.

(vi) The subrecipient may furnish assistance for family planning under this grant to another foreign nongovernmental organization (the sub-subrecipient) only if (A) the sub-subrecipient certifies in writing that it does not perform or actively promote abortion as a method of family planning in AID-recipient countries and does not provide financial support to any other foreign nongovernmental organization that conducts such activities and (B) the subrecipient obtains the written agreement of the sub-subrecipient that contains the same undertakings and obligations to the subrecipient as those provided by the subrecipient to the grantee as described in subparagraphs (4)(i)-(v), above.

(5) Agreements with subrecipients and sub-subrecipients required under subparagraphs (3) and (4) shall contain the definitions set forth in subparagraph (10) of this paragraph (d).

(6) The grantee shall be liable to AID for a refund for a violation of any requirement of this paragraph (d) only if (i) the grantee knowingly furnishes assistance for family planning to a subrecipient who performs or actively promotes abortion as a method of family planning, or (ii) the certification provided by a subrecipient is false and the grantee failed to make reasonable efforts to verify the validity of the certification prior to furnishing assistance to the subrecipient, or (iii) the grantee knows or has reason to know, by virtue of the monitoring which the grantee is required to perform under the terms of this grant, that a subrecipient has violated any of the undertakings required under subparagraph (4) and the grantee fails to terminate assistance for family planning to the subrecipient, or fails to require the subrecipient to terminate such assistance to a sub-subrecipient which violates any undertaking of the agreement required under subparagraph (4)(vi), above. If the grantee finds, in exercising its monitoring responsibility under this grant, that a subrecipient or sub-subrecipient receives frequent requests for the information described in subparagraph (10)(iii)(A)(II), below, the grantee shall verify that this information is being provided properly in accordance with subparagraph (10)(iii)(A)(II) and shall describe to AID the reasons for reaching its conclusion.

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(7) In submitting a request to AID for approval of a grantee's decision to furnish assistance for family planning to a subrecipient, the grantee shall include a description of the efforts made by the grantee to verify the validity of the certification provided by the subrecipient. AID may request the grantee to make additional efforts to verify the validity of the certification. AID will inform the grantee in writing when AID is satisfied that reasonable efforts have been made. If AID concludes that these efforts are reasonable within the meaning of subparagraph (6) above, the grantee shall not be liable to AID for a refund in the event the subrecipient's certification is false unless the grantee knew the certification to be false or misrepresented to AID the efforts made by the grantee to verify the validity of the certification.

(8) It is understood that AID also may make independent inquiries, in the community served by a subrecipient or sub-subrecipient, regarding whether it performs or actively promotes abortion as a method of family planning.

(9) A subrecipient must provide the certification required under subparagraph (3) and a sub-subrecipient must provide the certification required under subparagraph (4)(vi) each time a new agreement is executed with the subrecipient or sub-subrecipient furnishing assistance for family planning under the grant.

(10) The following definitions apply for purposes of this paragraph (d):

(i) Abortion is a method of family planning when it is for the purpose of spacing births. This includes, but is not limited to, abortions performed for the physical or mental health of the mother but does not include abortions performed if the life of the mother would be endangered if the fetus were carried to term or abortions performed following rape or incest (since abortion under these circumstances is not a family planning act).

(ii) To perform abortions means to operate a facility where abortions are performed as a method of family planning. Excluded from this definition are clinics or hospitals which do not include abortion in their family planning programs.

(iii) To actively promote abortion means for an organization to commit resources, financial or other, in a substantial or continuing effort to increase the availability or use of abortion as a method of family planning.

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(A) This includes, but is not limited to, the following:

(I) Operating a family planning counseling service that includes, as part of the regular program, providing advice and information regarding the benefits and availability of abortion as a method of family planning;

(II) Providing advice that abortion is an available option in the event other methods of family planning are not used or are not successful or encouraging women to consider abortion (passively responding to a question regarding where a safe, legal abortion may be obtained is not considered active promotion if the question is specifically asked by a woman who is already pregnant, the woman clearly states that she has already decided to have a legal abortion, and the family planning counselor reasonably believes that the ethics of the medical profession in the country require a response regarding where it may be obtained safely);

(III) Lobbying a foreign government to legalize or make available abortion as a method of family planning or lobbying such a government to continue the legality of abortion as a method of family planning;

(IV) Conducting a public information campaign in AID-recipient countries regarding the benefits and/or availability of abortion as a method of family planning.

(B) Excluded from the definition of active promotion of abortion as a method of family planning are referrals for abortion as a result of rape, incest or if the life of the mother would be endangered if the fetus were carried to term.

(C) Action by an individual acting in the individual's capacity shall not be attributed to an organization with which the individual is associated, provided that the organization neither endorses nor provides financial support for the action and takes reasonable steps to ensure that the individual does not improperly represent that the individual is acting on behalf of the organization.

(iv) To furnish assistance to a foreign nongovernmental organization means to provide financial support under this grant to the family planning program of the organization, and includes the transfer of funds made available under this grant or goods or services financed with such funds, but does not include the purchase of goods or services from an organization or the participation of an individual in the general training programs of the grantee, subrecipient or sub-subrecipient.

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(v) To control an organization means the possession of the power to direct or cause the direction of the management and policies of an organization.

(11) In determining whether a foreign nongovernmental organization is eligible to be a subrecipient or sub-subrecipient of assistance for family planning under this grant, the action of separate nongovernmental organizations shall not be imputed to the subrecipient or sub-subrecipient, unless, in the judgment of AID, a separate nongovernmental organization is being used as a sham to avoid the restrictions of this paragraph (d). Separate nongovernmental organizations are those that have distinct legal existence in accordance with the laws of the countries in which they are organized. Foreign organizations that are separately organized shall not be considered separate, however, if one is controlled by the other. The grantee may request AID's approval to treat as separate the family planning activities of two or more organizations, which would not be considered separate under the preceding sentence, if the grantee believes, and provides a written justification to AID therefor, that the family planning activities of the organizations are sufficiently distinct as to warrant not imputing the activity of one to the other.

(12) Assistance for family planning may be furnished under this grant by a grantee, subrecipient or sub-subrecipient to a foreign government even though the government includes abortion in its family planning program, provided that no assistance may be furnished in support of the abortion activity of the government and any funds transferred to the government shall be placed in a segregated account to ensure that such funds may not be used to support the abortion activity of the government.

(13) The requirements of this paragraph are not applicable to family planning assistance furnished to a foreign nongovernmental organization which is engaged primarily in providing health services if the objective of the assistance is to finance integrated health care services to mothers and children and birth spacing or family planning is one of several health care services being provided by the organization as part of an integrated system of health service delivery.

(e) The grantee shall insert paragraphs (a), (b), (c), and (e) of this provision in all subsequent subagreements and contracts involving family planning or population activities which will be supported in whole or part from funds under this grant. Paragraph (d) shall be inserted in subagreements and sub-subagreements in accordance with the terms of paragraph (d). The term subagreement means subgrants and subcooperative agreements.

(END OF STANDARD PROVISION)

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19. PROTECTION OF THE INDIVIDUAL AS A RESEARCH SUBJECT (AUGUST 1992)

(This provision is applicable when human subjects are involved in research financed by the grant.)

* (a) Safeguarding the rights and welfare of human subjects involved in research supported by AID is the responsibility of the grantee. It is the policy of AID that no work shall be initiated under any grant for the support of research involving human subjects unless the research is given initial and continuing review and approval by an appropriate committee of the grantee. This review shall assure that (1) the rights and welfare of the individuals involved are adequately protected, (2) the methods used to obtain informed consent are adequate and appropriate, and (3) the risks and potential medical benefits of the investigation are assessed.

(b) The grantee must provide written assurance to AID that it will abide by this policy for all research involving human subjects supported by AID. This assurance shall consist of a written statement of compliance with the requirements regarding initial and continuing review of research involving human subjects and a description of the organization's review committee structure, its review procedures, and the facilities and personnel available to protect the health and safety of human subjects. In addition to providing the assurance, the grantee must also certify to AID for each proposal involving human subjects that its committee has reviewed and approved the proposed research before any work may be initiated.

(c) Since the welfare of the subject individual is a matter of concern to AID as well as to the grantee; AID advisory groups, consultants, and staff may independently review all research involving human subjects, and prohibit research which presents unacceptable hazards. This provision, however, shall not derogate in any manner from the responsibility of the grantee set forth herein.

(d) All of the above provisions apply to any research involving human subjects conducted outside of the United States and, in addition, such overseas research will conform to legal and other requirements governing human research in the country where they are conducted.

(e) In addition to the procedures set forth above, studies with unmarketed drugs will be carried out in accordance with provisions applicable in the country where the study is conducted. In the United States, the regulations of the Food and Drug Administration will be followed and evidence of such compliance provided to AID.

(f) Guidance on procedures to safeguard human subjects involved in research is found in 45 CFR Part 46 as well as the AID-specific regulations in 22 CFR Part 225. Compliance with these procedures, except as modified above, is required.

(END OF STANDARD PROVISION)

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20. CARE OF LABORATORY ANIMALS (NOVEMBER 1985)

(This provision is applicable when laboratory animals are involved in research performed in the U.S. and financed by the grant.)

(a) Before undertaking performance of any grant involving the use of laboratory animals, the grantee shall register with the Secretary of Agriculture of the United States in accordance with Section 6, Public Law 89-544, Laboratory Animal Welfare Act, August 24, 1966, as amended by Public Law 91-579, Animal Welfare Act of 1970, December 24, 1970. The grantee shall furnish evidence of such registration to the grant officer.

(b) The grantee shall acquire animals used in research under this grant only from dealers licensed by the Secretary of Agriculture, or from exempted sources in accordance with the Public Laws enumerated in (a) above.

(c) In the care of any live animals used or intended for use in the performance of this grant, the grantee shall adhere to the principles enunciated in the Guide for Care and Use of Laboratory Animals prepared by the Institute of Laboratory Animals Resources, National Academy of Sciences - National Research Council, and in the United States Department of Agriculture's (USDA) regulations and standards issued under the Public Laws enumerated in a. above. In case of conflict between standards, the higher standard shall be used. The grantee's reports on portions of the grant in which animals were used shall contain a certificate stating that the animals were cared for in accordance with the principles enunciated in the Guide for Care and Use of Laboratory Animals prepared by the Institute of Laboratory Animal Resources, NAS-NRC, and/or in the regulations and standards as promulgated by the Agricultural Research Service, USDA, pursuant to the Laboratory Animal Welfare Act of 24 August 1966, as amended (P.L. 89-544 and P.L. 91-579). NOTE: The grantee may request registration of the grantee's facility and a current listing of licensed dealers from the Regional Office of the Animal and Plant Health Inspection Service (APHIS), USDA, for the region in which the grantee's research facility is located. The location of the appropriate APHIS Regional Office as well as information concerning this program may be obtained by contacting the Senior Staff Office, Animal Care Staff, USDA/APHIS, Federal Center Building, Hyattsville, Maryland 20782.

(END OF STANDARD PROVISION)

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21. TITLE TO AND USE OF PROPERTY (GRANTEE TITLE) (NOVEMBER 1985)

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

Title to all property financed under this grant shall vest in the grantee, subject to the following conditions:

(a) The grantee shall not charge for any depreciation, amortization, or use of any property, title to which remains in the grantee under this provision under this grant or any other U.S. Government agreement, subagreement, contract, or subcontract.

(b) The grantee agrees to use and maintain the property for the purpose of the grant in accordance with the requirements of paragraphs (c), (d), (e), and (f) below.

(c) Real Property:

(1) Real property means land, including land improvements, structures and appurtenances thereto, but excluding movable machinery and equipment.

(2) Use of Real Property:

(1) The grantee shall use the real property for the authorized purpose of the project, as long as it is needed.

(11) The grantee shall obtain approval from AID for the use of real property in other projects when the grantee determines that the property is no longer needed for the purpose of the original program. Use in other programs shall be limited to those under other federally sponsored programs (i.e., grants or other agreements) that have purposes consistent with those authorized for support by AID

(3) Disposition of Real Property: When the real property is no longer needed as provided in (2) above, the grantee shall request disposition instructions from AID or its successor Federal sponsoring agency. AID or the successor Federal sponsoring agency shall observe the following rules in the disposition instructions:

(1) The grantee may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original program to the fair market value of the property.

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(ii) The grantee may be directed to sell the property under guidelines provided by the Federal sponsoring agency and pay the Federal Government an amount computed by applying the Federal percentage of participation in the cost of the original program to the proceeds from sale (after deducting actual and reasonable selling and fix-up expenses, if any, from the sales proceeds). When the grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.

(iii) The grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the grantee shall be entitled to compensation computed by applying the grantee's percentage of participation in the cost of the program to the current fair market value of the property.

(d) Nonexpendable Property:

(1) Nonexpendable personal property means tangible personal property having a useful life of more than two years and an acquisition cost of \$500 or more per unit.

(2) Use of Nonexpendable Personal Property:

(i) The grantee shall use the property in the program for which it was acquired as long as needed, whether or not the program continues to be supported by Federal funds. When no longer needed for the original program, the grantee shall use the property in connection with its other federally sponsored activities in the following order of priority:

(A) Activities sponsored by AID

(B) Activities sponsored by other Federal agencies.

(ii) Shared use - During the time that nonexempt nonexpendable personal property is held for use on the program for which it was acquired the grantee shall make it available for use on other programs if such other use will not interfere with the work on the program for which the property was originally acquired. First preference for such other use shall be given to other programs sponsored by AID; second preference shall be given to programs sponsored by other Federal agencies. User charges should be considered if appropriate.

(3) Disposition Of Nonexpendable Personal Property - With A Unit Acquisition Cost Of Less Than \$1,000: The grantee may use the property for other activities without reimbursement to the Federal Government or sell the property and retain the proceeds.

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(4) Disposition Of Nonexpendable Personal Property With A Unit Acquisition Cost Of \$1,000 Or More:

(1) The grantee agrees to report such items to the grant officer from time to time as they are acquired and to maintain a control system which will permit their ready identification and location.

(ii) The grantee may retain the property for other uses provided that compensation is made to AID or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original program to the current fair market value of the property. If the grantee has no need for the property and the property has further use value, the grantee shall request disposition instructions from AID

(iii) AID shall determine whether the property can be used to meet AID requirements. If no requirement exists within AID the availability of the property shall be reported to the General Services Administration by AID to determine whether a requirement for the property exists in other Federal agencies. AID shall issue instructions to the grantee no later than 120 days after the grantee's request and the following procedures shall govern:

(A) If so instructed or if disposition instructions are not issued within 120 calendar days after the grantee's request, the grantee shall sell the property and reimburse AID an amount computed by applying to the sales proceeds that percentage of Federal participation in the cost of the original program. However, the grantee shall be permitted to deduct and retain from the Federal share \$100 or ten percent of the proceeds, whichever is greater, for the grantee's selling and handling expenses.

(B) If the grantee is instructed to ship the property elsewhere, the grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the grantee's participation in the cost of the original grant program to the current fair market value of the property, plus any reasonable shipping or interim storage costs incurred.

(C) If the grantee is instructed to otherwise dispose of the property, the grantee shall be reimbursed by AID for such costs incurred in its disposition.

(e) Expendable Personal Property:

(1) Expendable personal property means all tangible personal property other than nonexpendable property.

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(2) The grantee shall use the expendable personal property for the authorized purpose of the grant program, as long as it is needed.

(3) If there is a residual inventory of such property exceeding \$1,000 in total aggregate fair market value, upon termination or completion of the grant and the property is not needed for any other federally sponsored program, the grantee shall retain the property for use on nonfederally sponsored activities, or sell it, but must in either case, compensate the Federal Government for its share. The amount of compensation shall be computed in the same manner as nonexpendable personal property.

(f) The grantee's property management standards for nonexpendable personal property shall include the following procedural requirements:

(1) Property records shall be maintained accurately and shall include:

(i) A description of the property.

(ii) Manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number.

(iii) Source of the property, including grant or other agreement number.

(iv) Whether title vests in the grantee or the Federal Government.

(v) Acquisition date and cost.

(vi) Percentage (at the end of the budget year) of Federal participation in the cost of the project or program for which the property was acquired.

(vii) Location, use, and condition of the property and the date the information was reported.

(viii) Unit acquisition cost.

(ix) Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where the grantee compensates AID for its share.

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(2) A physical inventory of property shall be taken and the results reconciled with the property records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The grantee shall in connection with the inventory, verify the existence, current utilization, and continued need for the property. The inventory listing shall be retained as documentation in accordance with the standard provision of this grant entitled "Accounting, Audit, and Records."

(3) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft of nonexpendable property shall be investigated and fully documented.

(4) Adequate maintenance procedures shall be implemented to keep the property in good condition.

(5) Where the grantee is authorized or required to sell the property, proper sales procedures shall be established which would provide for competition to the extent practicable and result in the highest possible return.

(END OF STANDARD PROVISION)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(iii) recording of work accomplished under the program:

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

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

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

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(d) Risk of Loss:

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

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

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

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

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

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

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

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

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

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

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

- (i) The lost, destroyed, or damaged Government property;
- (ii) The time and origin of the loss, destruction, or damage;
- (iii) All known interests in commingled property of which the Government property is a part; and
- (iv) The insurance, if any, covering any part of or interest in such commingled property.

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

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

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

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

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

(END OF STANDARD PROVISION)

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23. TITLE TO AND CARE OF PROPERTY (COOPERATING COUNTRY TITLE) (NOVEMBER 1985)

(This provision is applicable to property titled in the name of the cooperating country or such public or private agency as the cooperating country government may designate.)

(a) Except as modified by the schedule of this grant, title to all equipment, materials and supplies, the cost of which is reimbursable to the grantee by AID or by the cooperating country, shall at all times be in the name of the cooperating country or such public or private agency as the cooperating country may designate, unless title to specified types or classes of equipment is reserved to AID under provisions set forth in the schedule of this grant. All such property shall be under the custody and control of grantee until the owner of title directs otherwise or completion of work under this grant or its termination, at which time custody and control shall be turned over to the owner of title or disposed of in accordance with its instructions. All performance guarantees and warranties obtained from suppliers shall be taken in the name of the title owner.

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

(c) The grantee shall prepare and establish a program, to be approved by the appropriate AID Mission, for the receipt, use, maintenance, protection, custody and care of equipment, materials and supplies for which it has custodial responsibility, including the establishment of reasonable controls to enforce such program. The grantee shall be guided by the following requirements:

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

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

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

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

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

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

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

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

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

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

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

(iii) recording of work accomplished under the program:

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

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

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

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(d) Risk of Loss:

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

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

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

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

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

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

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

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

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

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

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

(i) The lost, destroyed, or damaged cooperating country property;

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

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

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

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

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

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

(f) Final Accounting and Disposition of Cooperating Country Property: Within 90 days after completion of this grant, or at such other date as may be fixed by the grant officer, the grantee shall submit to the grant officer an inventory schedule covering all items of equipment, materials and supplies under the grantee's custody, title to which is in the cooperating country or public or private agency designated by the cooperating country, which have not been consumed in the performance of this grant. The grantee shall also indicate what disposition has been made of such property.

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

(END OF STANDARD PROVISION)

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24. COST SHARING (MATCHING) (AUGUST 1992)

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

*

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

*

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

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

(2) Project costs financed with cash contributed or donated to the grantee by other non-Federal public agencies (may include public international organizations or foreign governments) and institutions, and private organizations and individuals, and

(3) Project costs represented by services and real and personal property, or use thereof, donated by other non-Federal public agencies and institutions, and private organizations and individuals.

(c) All contributions, both cash and in-kind, shall be accepted as part of the grantee's cost sharing (matching) when such contributions meet all of the following criteria:

(1) Are verifiable from the grantee's records;

(2) Are not included as contributions for any other Federally assisted program;

(3) Are necessary and reasonable for proper and efficient accomplishment of project objectives;

(4) Are types of charges that would be allowable under the applicable Federal cost principles;

(5) Are not paid by the Federal Government under another grant or agreement (unless the grant or agreement is authorized by Federal law to be used for cost sharing or matching);

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(6) Are provided for in the approved budget when required by AID;
and

(7) Conform to other provisions of this paragraph.

(d) Values for grantee in-kind contributions will be established in accordance with the applicable Federal cost principles.

(e) Specific procedures for the grantee in establishing the value of in-kind contributions from non-Federal third parties are set forth below:

(1) Valuation of volunteer services: Volunteer services may be furnished by professional and technical personnel, consultants, and other skilled and unskilled labor. Volunteer services may be counted as cost sharing or matching if the service is an integral and necessary part of an approved program:

(i) Rates for volunteer services: Rates for volunteers should be consistent with those paid for similar work in the grantee's organization. In those instances in which the required skills are not found in the grantee's organization, rates should be consistent with those paid for similar work in the labor market in which the grantee competes for the kind of services involved.

(ii) Volunteers employed by other organizations: When an employer other than the grantee furnishes the services of an employee, these services shall be valued at the employee's regular rate of pay (exclusive of fringe benefits and overhead costs) provided these services are of the same skill for which the employee is normally paid.

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

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

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

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

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

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

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

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

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

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

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

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

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

* (g) Individual expenditures do not have to be shared or matched provided that the total expenditures incurred during the year (or funding period) are shared or matched in accordance with the agreed upon amount or percentage as 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 amount or 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. *

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(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 funds set forth in the standard provisions of this grant are applicable to expenditures incurred with AID funds provided under this grant. Except for the requirements of this standard provision, the restrictions set forth in the standard provisions of this grant are not applicable to costs incurred by the grantee from non-Federal funds. The grantee will account for the AID funds in accordance with the standard provision of this grant entitled "Accounting, Audit, and Records"; however, in the event of disallowances of expenditures from AID grant funds, the grantee may substitute expenditures made with funds provided from non-Federal sources, provided they are eligible in accordance with all the standard provisions of this grant.

(k) Notwithstanding paragraph (c) of the standard provision of this grant entitled "Refunds", the parties agree that in the event of any disallowance of expenditures from AID grant funds provided hereunder, the grantee may substitute expenditures made with funds provided from non-Federal sources provided they are otherwise eligible in accordance with paragraph (b) of this provision. *

(END OF STANDARD PROVISION)

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25. USE OF POUCH FACILITIES (AUGUST 1992)

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

(a) Use of diplomatic pouch is controlled by the Department of State. The Department of State has authorized the use of pouch facilities for AID grantees and their employees as a general policy, as detailed in items (1) through (6) below. However, the final decision regarding use of pouch facilities rest with the Embassy or AID Mission. In consideration of the use of pouch facilities, the grantee and its employees agree to indemnify and hold harmless, the Department of State and AID for loss or damage occurring in pouch transmission:

*

(1) Grantees and their employees are authorized use of the pouch for transmission and receipt of up to a maximum of .9 kgs per shipment of correspondence and documents needed in the administration of assistance programs.

(2) U.S. citizen employees are authorized use of the pouch for personal mail up to a maximum of .45 kgs per shipment (but see (a)(3) below).

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

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

Name of individual or organization (followed by
letter symbol "G")
City Name of post (USAID/_____)
Agency for International Development
Washington, D.C. 20523-0001

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

(6) AID grantee personnel are not authorized use of military postal facilities (APO/FPO). This is an Adjutant General's decision based on existing laws and regulations governing military postal facilities and is being enforced worldwide.

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

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

(END OF STANDARD PROVISION)

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

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

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

(END OF STANDARD PROVISION)

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PUBLIC NOTICES (AUGUST 1992)

It is AID's policy to inform the public as fully as possible of its programs and activities. The grantee is encouraged to give public notice of the receipt of this grant and, from time to time, to announce progress and accomplishments. Press releases or other public notices should include a statement substantially as follows:

"The U.S. Agency for International Development administers the U.S. foreign assistance program providing economic and humanitarian assistance in more than 80 countries worldwide."

The grantee may call on AID's Office of External Affairs for advice regarding public notices. The grantee is requested to provide copies of notices or announcements to the cognizant technical officer and to AID's Office of External Affairs as far in advance of release as possible.

(END OF STANDARD PROVISION)



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"Unlimited rights" means the right of the Government to use, disclose, reproduce, prepare derivative works, distribute copies to the public, and perform publicly, in any manner and for any purpose, and to permit others to do so.

(b) Allocation of Rights

(1) Except as provided in paragraph (c) of this provision regarding copyright, the Federal Government shall have unlimited rights in --

(i) Data first produced in performance of this Grant;
(ii) Form, fit and function data delivered under this Grant;
(iii) Data delivered under this Grant (except for restricted computer software) that constitutes manuals or instructional and training material for installation, operation or routine maintenance and repair of items, components, or processes delivered or furnished for use under this Grant; and

(iv) All other data delivered under this Grant unless provided otherwise for limited rights data or restricted computer software in accordance with paragraph (d) of this provision.

(2) The Grantee shall have the right to --

(i) Use, release to others, reproduce, distribute, or publish any data first produced or specifically used by the Grantee in the performance of this Grant;

(ii) Protect from unauthorized disclosure and use those data which are limited rights data or restricted computer software to the extent provided in paragraph (d) of this provision;

(iii) Substantiate use of, add or correct limited rights, restricted rights, or copyright notices;

(iv) Establish claim to copyright subsisting in data first produced in the performance of this Grant to the extent provided in subparagraph (c) of this provision.

(c) Copyright

(1) Data first produced in the performance of this Grant. The Grantee may establish, without prior approval of AID, claim to copyright subsisting in scientific and technical articles based on or containing data first produced in the performance of this Grant and published in academic, technical or professional journals, symposia proceedings or similar works. The prior express written permission of AID is required to establish claim to copyright subsisting in all other data first produced in performance of this Grant. For computer software and other data the Grantee grants to the Government, and others acting on its behalf, a paid-up nonexclusive, irrevocable worldwide license in such copyrighted data to reproduce, prepare derivative works and display publicly by or on behalf of the Government.

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(2) Data not first produced in the performance of this Grant. The Grantee shall not, without prior written permission of AID incorporate in data delivered under this Grant any data not first produced in the performance under this Grant and which contains the copyright notice of 17 U.S.C. 401 or 402, unless the grantee identifies such data and grants to the Government, or acquires on its behalf, a license of the same scope as set forth above in paragraph (c).

(3) Removal of copyright notices. The Government agrees not to remove any copyright notices placed on data delivered under this Grant and to include such notice on all reproductions of such data.

(d) Protection of limited rights data and restricted computer software

When data other than that listed in subparagraph (b)(1)(i), (ii) and (iii) of this provision are specified to be delivered under this Grant and qualify as either limited rights data or restricted computer software, if the Grantee desires to continue protection of such data, the Grantee shall withhold such data and not furnish them to the Government under this Grant. As a condition to this withholding, the Grantee shall identify the data being withheld and furnish form, fit, and function data in lieu thereof.

(e) Subagreements

The Grantee has the responsibility to obtain from subgrantees and those who work in collaboration with the Grantee in performance of this Grant all data and rights necessary to fulfill the Grantee's obligations under this Grant. If a subgrantee or collaborator refuses to accept terms affording the Government such rights, the Grantee shall promptly bring such refusal to the attention of AID and not proceed without authorization from AID.

(f) Relationship to patents

Nothing contained in this provision shall imply a license to the Government under any patent or be construed as affecting the scope of any license or other right granted to the Government.

(END OF STANDARD PROVISION)

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4108-14111 and on October 5, 1984, FR Vol. 49, No. 195, pages 39346-39349, on June 15, 1985, FR Vol. 49, No. 117, pages 24731-24733; and for a document relating to Final Regulations published on this program, see rule published elsewhere in this issue.

The regulations as amended implement the Museum Services Act. The amendments make technical and other changes in the eligibility conditions and other terms for the administration of the Conservation Project Support Program and remove unneeded provisions. As revised the regulations published on June 17, 1983 will apply to the award of grants for Fiscal Year 1987.

Further information: For further information contact Theresa Michel, Public Affairs Officer, Institute of Museum Services, 1100 Pennsylvania Avenue NW., Washington, DC 20506, Telephone: (202) 786-0536.

(Catalogue of Federal Domestic Assistance No. 45.301 Institute of Museum Services)

Dated: November 24, 1986.

Lois Burke Shepard,
Director, Institute of Museum Services.

[FR Doc. 86-26813 Filed 12-1-86; 8:45 am]

BILLING CODE 7036-01-M

NUCLEAR REGULATORY COMMISSION

Memorandum of Understanding (MOU) Between NRC and the Commonwealth of Pennsylvania

AGENCY: Nuclear Regulatory Commission.

ACTION: Publication of Memorandum of Understanding (MOU) between NRC and the Commonwealth of Pennsylvania.

SUMMARY: Section 274i. of the Atomic Energy Act of 1954, as amended, allows the Commission to enter into agreements with the States "to perform inspections or other functions on a cooperative basis as the Commission deems appropriate." Section 274i. MOUs differ from agreements entered into between NRC and a State under the "Agreement State" program; the latter is accomplished only by entering into an agreement under section 274b. of the Atomic Energy Act. A 274i. MOU can be entered into by a State whether or not it has a 274b. agreement.

This MOU, signed by the NRC and the Commonwealth of Pennsylvania, provides principles of cooperation between the State and NRC in areas of interest to the Commonwealth.

The MOU provides the basis for detailed subagreements in areas such as

transportation regulation at a low-level disposal site, low-level waste packaging and shipping inspections, confirmatory environmental monitoring and emergency information exchange.

Under the MOU, the State and NRC have committed to consult regularly and cooperate in devising procedures to minimize duplication of effort and avoid delays in decisionmaking.

Broad agreements such as this have been entered into by other States in the past—Washington (9/78), Oregon (1/80), Indiana (11/78), New York (3/78), and Illinois (4/84). The Memorandum of Understanding between the Commonwealth of Pennsylvania and the Nuclear Regulatory Commission is printed in its entirety below.

FOR FURTHER INFORMATION CONTACT: Paul H. Lohaus, State Liaison Officer, Region I, NRC, 631 Park Avenue, King of Prussia, PA 19406, Telephone (215) 337-5246.

Dated at King of Prussia, PA this 19th day of November 1986.

For the Nuclear Regulatory Commission.

Thomas E. Murley,

Regional Administrator, Region I.

Memorandum of Understanding Commonwealth of Pennsylvania and the U.S. Nuclear Regulatory Commission

This Memorandum of Understanding between the Commonwealth of Pennsylvania (hereafter "Commonwealth") and the U.S. Nuclear Regulatory Commission (hereafter "NRC") expresses the desire of the parties to cooperate in the regulation of nuclear activities; it sets forth mutually agreeable principles of cooperation between the Commonwealth and NRC in areas subject to the jurisdiction of the Commonwealth or the NRC or both. This Memorandum is intended to provide the basis of subsequent detailed subagreements between the parties.

Close cooperation between the signatories will help assure that the goals and policies of Commonwealth and Federal law will be carried out efficiently and expeditiously without diminishing the responsibilities or authorities of either party.

With the execution of the Memorandum, the Commonwealth and NRC agree to consult regularly and to cooperate in exploring and devising appropriate procedures to minimize duplication of effort to the extent permitted by Commonwealth and Federal law, to avoid delays in decisionmaking, and to ensure the exchange of information that is needed to make the most effective use of the resources of the Commonwealth and the NRC in order to accomplish the purpose of both parties.

Principles of Cooperation

1. Toward these goals, the State and NRC agree to explore together the development of detailed subagreements in areas of mutual concern, including, but not necessarily limited to, transportation regulation, at a low-level waste disposal site, low-level waste packaging and shipping inspections,

confirmatory environmental monitoring and emergency information exchange.

2. Subagreements under this Memorandum may provide for activities to be performed by either party under mutually acceptable guidelines and criteria which assure that the needs of both are met. For activities performed by one party at the request of the other party under specific subagreements to this Memorandum, either party may explore means by which compensation can be made available to the other party or by which the costs may be shared by the parties.

3. NRC agrees to explore with the Commonwealth the possibility of sharing with the Commonwealth proprietary and other information in NRC's possession that is exempt from mandatory public disclosure.

4. Nothing in this Memorandum is intended to restrict or extend the constitutional or statutory authority of either NRC or the Commonwealth or to affect or vary the terms of a future agreement between the Commonwealth and the NRC under section 274b. of the Atomic Energy Act of 1954, as amended.

5. The principal NRC contact under this Memorandum shall be the Director of the Office of State Programs. The principal Commonwealth contact shall be the Director of the Pennsylvania Bureau of Radiation Protection or his or her designee. Subagreements will name appropriate individuals, agencies or offices as contacts.

6. This Memorandum shall take effect upon signing by the Governor of the Commonwealth of Pennsylvania and the Chairman of the Nuclear Regulatory Commission, and may be terminated by either party upon 30 days of written notice.

For the Commonwealth of Pennsylvania.

Dated at Harrisburg, Pa. This 4th day of November, 1986.

Dick Thornburgh,

Governor.

For The United States Nuclear Regulatory Commission.

Dated at Washington, DC. This 27th day of June.

Nunzio J. Palladino,

Chairman.

[FR Doc. 86-27082 Filed 12-1-86; 8:45 am]

BILLING CODE 7580-01-M

OFFICE OF MANAGEMENT AND BUDGET

Revision of OMB Circular A-21, "Cost Principles for Educational Institutions"

AGENCY: Office of Management and Budget.

ACTION: Notice of revision to OMB Circular A-21, "cost principles for educational institutions".

SUMMARY: This notice revises the fixed allowance for the administrative efforts of university faculty, department heads, and selected professional personnel relating to federally-sponsored research

established in the previous revision to OMB Circular A-21, published in the June 9, 1986, Federal Register.

SUPPLEMENTARY INFORMATION:

Background

The June 9th revision to OMB Circular A-21 established a fixed allowance of 3 percent of modified total direct costs for the administrative efforts of university faculty, department heads, and selected professional personnel relating to federally-sponsored research. In establishing the rate, OMB indicated its willingness to consider an adjustment to the rate if and when additional data became available.

Revision of OMB Circular A-21

Based on such additional data, OMB Circular A-21 is being revised to reflect a fixed allowance of 3.6 percent of modified total direct cost for the administrative efforts of university faculty, department heads, and selected professional personnel relating to federally-sponsored research. No documentation will be required to support this fixed allowance. In addition, the language describing the scope of the fixed allowance is being clarified.

The June 9, 1986, revision to section F.5.a., Sponsored Projects Administration, is not amended by this revision.

Implementation

This revision is effective July 1, 1987. Federal agencies may elect to implement the 3.6 percent fixed allowance prior to this date. Universities and other institutions affected by this revision are expected to adjust their financial plans accordingly.

To The Heads of Executive Departments and Establishments

Subject: Cost Principles for Educational Institutions

This transmittal memorandum revises OMB Circular No. A-21, "Cost Principles for Educational Institutions," as revised on June 9, 1986, to update the fixed allowance for the administrative efforts of faculty, department heads, and certain professional personnel relating to federally-sponsored research, and to clarify the scope of the fixed allowance.

Effective on grants and contracts awarded on or after July 1, 1987, Circular A-21 is revised as follows:

Departmental Administration Expenses:

Revise F.4.a.(2)(a): (2) Academic departments (a) Salaries and fringe benefits attributable to the administrative work (including bid and proposal preparation) of faculty

(including department heads), and other professional personnel conducting research and/or instruction, shall be allowed at a rate of 3.6 percent of modified total direct costs. This category does not include professional business or professional administrative officers. This allowance shall be added to the computation of the indirect cost rate for major functions in section G; the expenses covered by the allowance shall be excluded from the departmental administration cost pool. No documentation is required to support this allowance.

General Administration and General Expenses

Replace the last sentence in F.3.a. (as revised on June 9, 1986), with the following: General administration and general expenses shall not include expenses incurred within non-university-wide deans' offices, academic departments, organized research units, or similar organizational units. (See section F.4., departmental administration expenses.)

Federal agencies may authorize reimbursement of additional costs for department heads and faculty only in exceptional cases where an institution can demonstrate undue hardship or detriment to project performance.

Federal agencies are authorized to implement these changes earlier if they choose.

James C. Miller III,

Director.

[FR Doc. 86-27011 Filed 12-1-86; 8:45 am]

BILLING CODE 3110-01-M

PROSPECTIVE PAYMENT ASSESSMENT COMMISSION

Meetings

Notice is hereby given of meetings of the prospective payment assessment commission on December 16-17, 1986 at the Shoreham Hotel, 2500 Calvert Street, N.W., Washington, DC.

The Subcommittee on Diagnostic and Therapeutic practices will meet in the Hampton Room at 9 o'clock a.m. on December 16, 1986. The subcommittee on hospital productivity and cost-effectiveness will meet in the Executive Room at 9 o'clock a.m. on December 16, 1986.

The full commission will convene at 2 o'clock p.m. December 16, 1986 and at 9:15 a.m. December 17, 1986. Both Sessions will take place in the Hampton Room.

All meetings are open to the public
Donald A. Young,
Executive Director.
[FR Doc. 86-27102 Filed 12-02-86; 8:45 am]
BILLING CODE 8320-BW-M

SMALL BUSINESS ADMINISTRATION

[License No. 09/09-5370]

Astar Capital Corp.; Issuance of a Small Business Investment Company License

On August 6, a notice was published in the Federal Register (Vol. 51, No. 151) stating that an application has been filed by Astar Capital Corporation, with the Small Business Administration (SBA) pursuant to § 107.102 of the Regulations governing small business investment companies (13 CFR 107.102 (1986)) for a license as a small business investment company.

Interested parties were given until close of business September 6, 1986, to submit their comments to SBA. No comments were received.

Notice is hereby given that, pursuant to section 301(d) of the Small Business Investment Act of 1959, as amended, after having considered the application and all other pertinent information, issued License No. 09/09-5370 on November 6, 1986, to Astar Capital Corporation to operate as a small business investment company.

(Catalog of Federal Domestic Assistance Program No. 59.011, Small Business Investment Companies)

Dated: November 24, 1986.

Robert G. Lineberry,

Deputy Associate Administrator for Investment

[FR Doc. 86-26931 Filed 12-1-86; 8:45 am]

BILLING CODE 8325-01-M

[Application No. 03/03-0181]

Meridian Venture Partners' Application for a License to Operate as a Small Business Investment Company

Notice is hereby given of the filing of an application with the Small Business Administration (SBA), pursuant to § 107.102 of the Regulations governing small business investment companies (13 CFR 107.102 (1986)), by Meridian Venture Partners (the Applicant), Suite 220, The Fidelity Court Building, 259 Radnor-Chester Road, Radnor, PA 19087, for a license to operate as a limited partnership small business investment company (SBIC) under provisions of the Small Business

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OFFICE OF MANAGEMENT AND BUDGET
Revisions to Circular A-21, "Cost Principles for Educational Institutions"

AGENCY: Office of Management and Budget.

ACTION: Final Revision to Circular A-21, "Cost Principles for Educational Institutions."

SUMMARY: This revision implements the Office of Management and Budget's (OMB's) previously stated intention to revise Circular A-21 so as to exclude certain specified costs from reimbursements paid to colleges and universities under Federal research grants and to limit reimbursement for administrative costs.

OMB Director Darman said on April 22, 1991, "Recent information shows abuse in reimbursements claimed by universities for indirect costs supporting Government funded research. This requires additional guidelines to clarify policy and stop the abuse."

This revision represents the initial step in a broader Administration effort to reform Circular A-21 more comprehensively.

DATES: Some of the provisions published in this revision merely restate, emphasize or clarify existing provisions of the Circular or law. Those provisions (such as the inclusion of interest as a part of Federal recoveries in accordance with existing agency regulations) are effective immediately. Unchanged provisions (such as the unallowability of the costs of legal, accounting, and consulting services, and related costs, incurred in prosecuting claims against the Federal Government) remain in force. Revised provisions (such as the unallowability of the costs of defense against Federal Government claims) take effect on the dates specified.

FOR FURTHER INFORMATION CONTACT: Jack Sheehan, Financial Management Division, 10233 NEOB, OMB, Washington, DC 20503 (telephone: 202-395-3050).

SUPPLEMENTARY INFORMATION:
A. Background

Notices were published in the Federal Register on May 15, 1991 (58 FR 22618) and June 27, 1991 (58 FR 29530) requesting comments on proposed revisions to OMB Circular A-21, "Cost Principles for Educational Institutions."

Interested parties were invited to submit comments. Almost 300 comments were received from Federal agencies, universities, professional organizations and others. All comments were

considered in developing this final revision.

The following section presents a summary of the major comments, grouped by subject, and a response to each comment, including a description of changes made as a result of the comment. Other changes have been made to increase clarity and readability.

B. Comments and Responses
Research Allocations

Comment: A number of commenters noted that this proposed revision was not a change in the existing policy of Circular A-21 and some questioned the need for any revision in view of this.

Response: The revision is intended to highlight the existing prohibition against charging Federal sponsors for any under-recovery of indirect costs arising from the conduct of research for any non-Federal sponsor.

Comment: A number of commenters misunderstood the proposed revision to prohibit cost sharing by universities conducting research for non-Federal entities especially State and local governments and non-profit organizations.

Response: The revision does not prohibit cost sharing by universities. However, no under-recovery of costs may be charged to Federal sponsors.

Collection of Unallowable Costs

Comment: A number of commenters said that the proposed wording concerning interest was unclear. Some assumed interest would be charged from the date an unallowable cost was incurred.

Response: The wording of this section has been changed slightly. The reference to "interest chargeable in accordance with applicable Federal agency regulations" is intended to confirm existing requirements of law.

The Debt Collection Act requires the charging of interest from the date a Federal agency provides notice of a claim. However, with respect to Department of Defense contracts awarded after February 26, 1987, 10 U.S.C. 2324 (a) through (d) requires the Department of Defense to assess a penalty equal to interest on certain unallowable indirect costs back to the date the costs were reimbursed by the Federal Government.

Comment: A number of commenters objected to the provision that unallowable costs be paid to the Federal Government. Instead, they suggested that a future indirect cost rate be adjusted for the amount of unallowable costs.

Response: The Circular's provision for allowing adjustments of future indirect cost rates is intended only to permit adjustments relating to the under- or over-recovery of allowable costs.

Adjustment of Indirect Cost Rates

Comment: There were numerous comments concerning whether offsets could be used rather than refunds if the original proposal by a university was higher than the rate ultimately negotiated.

Response: An offset would be appropriate only to the extent that a general reduction, not identifiable to specific issues, was made.

• Additionally, a separate refund would not be necessary for any unallowable costs that were clearly eliminated during the rate negotiation process.

Comment: There were numerous comments concerning whether offsets could be used rather than refunds if the university could document additional costs not originally claimed.

Response: No. This provision is intended to correct improper (past year) proposals and not reopen prior years' rates to renegotiation.

Comment: There were a number of comments objecting to subsection (d) where unallowable costs included in each year's rate would be assumed to be the same as the amount in the base year proposal used to establish the rate.

Response: The assumption that the same amount of unallowable costs found in the base year, on which subsequent years rates were determined, is a valid assumption. The purpose is to correct an improper rate setting proposal which was used to establish the rates for several years.

Comment: One commenter pointed out that, for some multi-year agreements it would be more appropriate to use the proportion rather than the amount of unallowable costs contained in a base year proposal to determine the amount of unallowable costs to be adjusted.

Response: The language has been revised to allow the cognizant agency to use whichever method of computation is appropriate.

Comment: One commenter recommended that subsection (9) of section C be amended to include "unallocable costs" in the category of costs deemed unallowable and for which adjustments to previously negotiated rates should be made. The commenter indicated that unallowable costs are costs which are

not specifically addressed in Section] and not prohibited by law, yet they are generally costs that are clearly unallowable, such as the costs of yachts, intercollegiate athletics, etc."

Response: The provision has been amended to address the suggested change.

Limitation on Administrative Costs

Comment: Most commenters objected to the imposition of a limitation on the amount of administrative costs which could be charged to Federal awards.

Response: No change has been made.

Comment: Most commenters also objected to the timing of the limitation. They pointed out that most institutions had already negotiated permanent rates for fiscal year 1992 and, in many cases, for additional future periods. They requested sufficient lead time to enable them to plan for the financial impact of the cap.

Response: The proposal was revised to delay the effective date of the cap until the start of each institution's next fiscal year.

Comment: Many commenters objected to the amendment of predetermined rates already established by the cognizant agencies. They pointed out that many agreements would not expire for several years and it would be unreasonable to hold them to such reduced rates if they could document other valid costs which could be substituted for the administrative costs removed. Furthermore, their negotiation priorities might have been different if they had known of the impending limitation.

Response: The proposal has been changed to allow the renegotiation of rates amended by the cognizant agency. However, no renegotiated rate may exceed the rate which would have been in effect if the agreement had remained in effect, nor may the administrative portion of any renegotiated rate exceed the limitation established by this revision of the Circular.

Comment: Many commenters objected to the proposed restrictions on their managerial prerogatives to make accounting system changes.

Response: The proposed restriction would only affect those changes which would have an adverse effect on Federal Government costs by diluting or avoiding the effect of the limitation on administrative cost reimbursement. The proposal also contains a provision allowing cognizant agencies to approve some modifications, despite such adverse effect, that allow institutions to adopt

practices followed by a substantial majority of other institutions.

Comment: Many commenters made alternate proposals to extend the reductions to a broader portion of the rate, to spread the reductions over a larger universe of institutions, or to exempt a variety of specific types of costs from the limitation.

Response: No changes were made. The limitation is intended to place a reasonable ceiling level on all administrative costs.

Depreciation and Use Allowance Payments

Comment: Most commenters objected to the establishment of a dedicated facilities fund on the grounds that: (1) For the most part, reimbursements from the Federal Government are for facilities already acquired and paid for by the institutions; (2) the institutions currently expend more for research facilities than the reimbursements received; (3) the costs to administer such a fund would be excessive; and, (4) the requirement to actually set aside funds in a separate account is an unwarranted intrusion on their management prerogatives. Numerous commenters suggested that the objective of the proposal could be achieved by obtaining a statement of assurance that current expenditures for buildings and equipment exceeded the Federal reimbursements for depreciation and use allowance.

Response: The proposal has been revised to incorporate the suggested alternative. Institutions will be required to provide periodic assurances that Federal depreciation and use allowance reimbursements have been expended or reserved, but not physically set aside, for use within the next five years to acquire or improve research facilities.

Comment: A number of commenters misunderstood the proposal and seemed to believe that Federal reimbursements could only be used for new buildings or equipment but not to retire debt on, or make repairs or renovations to, existing facilities.

Response: There was no intention to restrict the use of Federal reimbursements as suggested by these respondents.

Comment: Several commenters questioned how the provisions should be applied for Federal awards which limit the reimbursement of indirect costs, such as the 8 percent rate used on HIS research training awards and the 14 percent cap on USDA grants.

Response: The provision has been clarified by making it applicable only to Federal agreements that provide

indirect costs at a full rate established by the cognizant Federal agency.

Comment: One commenter pointed out that interest expense and depreciation and use allowances for research facilities are both reimbursed as part of the indirect cost rate by the Federal Government. Therefore, the depreciation and use allowance reimbursements should be available only for the payment of principal, but not interest, on facility debts.

Response: The provision has been clarified to reflect the suggested change.

Advertising and Public Relations Costs

Comment: Several commenters pointed out that the proposed language disallowing "special events such as conventions and trade shows" was unclear and might preclude appropriate charges to Federal awards for directly relevant scientific conferences, symposia, or meetings of professional societies.

Response: The phrase "special events such as conventions and trade shows" has been replaced by a more representative example of university activities, namely "convocations or other events related to instruction or other institutional activities." The activities such as "symposia, etc" are covered under section 3.28.c.

Costs Related to Legal and Other Proceedings

Comment: Several commenters suggested that the proposed A-21 coverage conform with the comparable language contained in the Federal Acquisition Regulation (FAR) cost principles for commercial organizations at FAR 31.205-47, Costs related to legal and other proceedings.

Response: Proposed revisions J.11 a. through e. were predicated on the statutory language contained in Section 8, Limitations On Allowability Of Costs Incurred By Federal Contractors In Certain Proceedings, of Public Law 100-700, Major Fraud Act of 1988, November 19, 1988, and the regulatory provisions established in FAR 31.205-47(a) through (e). Proposed paragraphs f. through i. correlate with FAR 31.205-47, paragraphs (f)(4), (f)(1), (f)(6) and (g), respectively. The slight language differences between the FAR and proposed Circular A-21 coverage were due to minor editorial and regulatory style preferences. No substantive differences between the FAR and this Circular are intended. As a result of the specific comments provided, proposed paragraphs a., b.,

d., e., and f. were revised for greater conformity with the comparable FAR language.

Comment: Several commenters objected to the proposed 80 percent limitation on reimbursement when the institution is found innocent, and suggested that the proposed revisions were not clear.

Response: The proposed revisions were retained. As stated herein, the proposed revisions follow the requirements of Public Law 100-700.

Comment: Some commenters recommended deletion of proposed paragraph g. which prohibits reimbursement for costs incurred in connection with the defense or prosecution of claims or appeals with the Federal Government.

Response: This proposed revision was retained. The costs of legal, accounting and consulting services and related costs incurred in connection with the prosecution of claims against the Federal Government have traditionally been unallowable (see Section J. 28. c. of the existing Circular). It is also Federal policy that the costs of defense against a Federal Government claim are unallowable, either as a direct or indirect charge (e.g., FAR 31.205-47(f)(1)).

Comment: One commenter stated that proposed paragraphs b. and g. appear to conflict.

Response: The two paragraphs do not conflict. Paragraph g. relates to claims that may be initiated by either party to resolve disputes under the terms and conditions contained in Federal awards. Such actions do not equate with the actions and resulting dispositions specified in Public Law 100-700, i.e., the actions listed under paragraph b.

Comment: One commenter questioned whether paragraph g. applies to both administrative and judicial proceedings.

Response: Paragraph g. does apply to both administrative and judicial proceedings.

Comment: One commenter stated that patent infringement costs should be allowable.

Response: No change was made. Patent infringement costs are not currently allowable. Proposed paragraph h. is not new (see J. 28. c. of the existing Circular).

Comment: Several commenters objected to paragraph i. which requires separate accounting for potentially unallowable litigation costs. They believed that this imposes an expensive administrative cost requirement.

Response: This revision was retained. The referenced litigation costs are potentially unallowable and should be separately identified to ensure such costs are not improperly claimed and reimbursed under federally-sponsored agreements. Absent separate identification at the time of occurrence, it is difficult to understand how institutions could identify and exclude such costs from their reimbursement claims on an after-the-fact basis.

Comment: Several commenters suggested that all of the FAR cost principles provisions be incorporated in their entirety even though some sections may not appear to be pertinent to universities.

Response: No change was made. The need for incorporating the provisions contained in FAR 31.205-47(f) (2), (3), (5), and (7) is not readily apparent. Accordingly, those provisions are not being incorporated at this time.

Employee Morale, Health, and Welfare Costs and Credits

Comment: Several commenters asked whether certain costs of employee morale, health and welfare programs would be unallowable if they were: (1) Entertainment, (2) donations, or (3) goods and services.

Response: No change was made. Charges made to established programs for employee morale, health and welfare (including recreation activities, nominal gifts at retirement, etc.) are allowable. Charges made for entertainment, gifts, or goods or services for personal use, not part of such program, are unallowable.

Insurance Against Defects

Comment: Several commenters suggested the word "commercial" be deleted from this proposed section to ensure the prohibition covers cases involving self-insurance.

Response: The wording was so amended.

Comment: Two commenters sought clarification of the prohibition on reimbursement of the costs of insurance against defects. One noted the intent is clearly directed to product liability insurance, while casualty insurance should be allowable. One commenter sought clarification concerning whether malpractice insurance was covered.

Response: Casualty and malpractice insurance are not covered by the prohibition.

Lobbying

Comment: Several commenters said this section was not detailed and specific enough.

Response: Detailed guidance is provided in new sections J.17 and J.24.

Salary Limits

Comment: Numerous commenters objected to the proposal to limit salary amounts charged to sponsored agreements.

Response: OMB concurs. The proposal is not included in this revision. However, statutory limitations continue to apply.

Severance Pay

Comment: Several commenters said they had multiple union contracts which in effect give a university different severance pay policies. In their opinion, the proposal seemed to imply that a single policy was required.

Response: Under this provision, an institution's normal severance pay policy can include several severance pay plans which arise from multiple union contracts.

Comment: One commenter said this revision might interfere with retirement incentives.

Response: This section deals with severance, i.e., dismissal. It does not cover retirement programs.

Travel Costs

Comment: Several commenters recommended that the proposed airfare cost limitations, in paragraph c., be conformed to FAR 31.205.48(d), which generally prohibits the cost of first class airfare by limiting allowable airfare costs to the lowest customary standard, coach, or equivalent airfare.

Response: The proposed A-21 revisions were predicated upon FAR 31.205-48(d). An additional revision was added to clarify that allowable airfare costs are limited to the lowest available airfare, e.g., discount airfares. In view of the comments received, the proposed language was revised for greater consistency with the referenced FAR language, but the proposed limitations requiring use of the lowest available airfare were retained. In accordance with sound financial management concepts, educational institutions are expected to implement airfare travel cost policies that require employees performing official business travel to use the lowest available commercial airfare consistent with prudent travel cost management.

Trustees

Comment: One commenter asked whether the reference to "trustees" included boards, regents, visitors, etc.

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and questioned whether the proposal applied to trustees at the institution level or also included trustees at the college level.

Response: The term "trustee" is being used generically and includes boards, regents, visitors, etc. The prohibition applies to all levels of an institution.

Comment: One commenter said there may be confusion where a trustee is also a member of management.

Response: When traveling as a trustee, the cost is unallowable.

Certification

Comment: Several commenters recommended changes to the proposed certification.

Response: The certification parallels the Department of Defense (DOD) form currently required for universities administering DOD contracts. OMB's objective is consistency with the DOD provisions.

Comment: Several commenters wanted the "penalty of perjury" phrase removed.

Response: The penalty of perjury declaration is to remind the signer of the importance of the certification and the need to ensure that it accurately states his/her actual knowledge and belief.

Tom Slack,

Acting Director, Office of Federal Financial Management

EXECUTIVE OFFICE OF THE PRESIDENT

Office of Management and Budget

CIRCULAR NO. A-21, Revised Transmittal Memorandum No. 4

October 1, 1991

To the Heads of Executive Departments and Establishments.

Subject: Cost Principles for Educational Institutions.

This transmittal memorandum revises OMB Circular No. A-21, "Cost Principles for Educational Institutions." The revision excludes certain specified costs from reimbursements paid to colleges and universities receiving Federal awards and places a limit on the amount of reimbursable administrative costs. The revision also requires a certification to accompany each indirect cost proposal.

Effective Date. The revisions to the Circular are effective immediately. They will be implemented as follows:

- For costs charged directly to sponsored agreements, this revision shall be applied to all agreements awarded or amended (including continuation and renewal awards) on or after October 1, 1991.
- For costs charged indirectly, this revision shall be applicable on October 1, 1991. Implementation with respect to existing indirect cost rates may be accomplished by adjustments to future negotiated rates.
- The certifications with respect to unallowable costs shall apply to all indirect

cost proposals submitted on or after October 1, 1991.

—For the limitation on administrative costs, this revision shall apply to all agreements awarded or amended (including continuation and renewal awards) with effective dates beginning on or after the start of the institution's first fiscal year which begins on or after October 1, 1991.

Richard Darman,
Director.

The following revisions are made to sections C, G, J, and K of the Attachment to Circular A-21:

1. A new subsection c is added to section C.4, *Allocable costs*.

c. Any costs allocable to activities sponsored by industry, foreign governments or other sponsors may not be shifted to federally-sponsored agreements.

2. The following new subsection 8 is added to section C:

8. *Collection of unallowable costs.*

Costs specifically identified as unallowable in Section J and charged to the government, either directly or indirectly, will be refunded (including interest chargeable in accordance with applicable Federal agency regulations).

3. A new subsection 9 is added to section C.

9. *Adjustment of previously negotiated indirect cost rates containing unallowable costs.*

Negotiated indirect cost rates based on a proposal later found to have included costs that (a) are unallowable as specified by (i) law or regulation, (ii) section J of this Circular, (iii) terms and conditions of sponsored agreements or (b) are unallowable because they are clearly not allocable to sponsored agreements, shall be adjusted, or a refund shall be made, in accordance with the requirements of this section. These adjustments or refunds are designed to correct the proposals used to establish the rates and do not constitute a reopening of the rate negotiation. The adjustments or refunds will be made regardless of the type of rate negotiated (predetermined, final, fixed, or provisional).

a. For rates covering a future fiscal year of the institution, the unallowable costs will be removed from the indirect cost pools and the rates appropriately adjusted.

b. For rates covering a past period, the Federal share of the unallowable costs will be computed for each year involved and a cash refund (including interest chargeable in accordance with applicable regulations) will be made to the Federal Government. If cash refunds are made for past periods covered by provisional or fixed rates, appropriate adjustments will be made when the rates are finalized to avoid duplicate

recovery of the unallowable costs by the Federal Government.

c. For rates covering the current period, either a rate adjustment or a refund, as described in subsections a and b, shall be required by the cognizant agency. The choice of method shall be at the discretion of the cognizant agency, based on its judgment as to which method would be most practical.

d. The amount or proportion of unallowable costs included in each year's rate will be assumed to be the same as the amount or proportion of unallowable costs included in the base year proposal used to establish the rate.

4. Section C.1.a is amended by renumbering the existing text C.1.a.(1) and C.1.a.(2) and adding the new subsection C.1.a.(3). This section will now read as follows:

C. *Determination and application of indirect cost rate or rates.*

1. *Indirect cost pools.*

a. (1) Subject to subsection b, the separate categories of indirect costs allocated to each major function of the institution as prescribed in Section F shall be aggregated and treated as a common pool for that function. The amount in each pool shall be divided by the distribution base described in section G.2 to arrive at a single indirect cost rate for each function.

(2) The rate for each function is used to distribute indirect costs to individual sponsored agreements of that function. Since a common pool is established for each major function of the institution, a separate indirect cost rate would be established for each of the major functions described in section B.1 under which sponsored agreements are carried out.

(3) Each institution's indirect cost rate process must be appropriately designed to ensure that Federal sponsors do not in any way subsidize the indirect costs of other sponsors, specifically activities sponsored by industry and foreign governments. Accordingly, each allocation method used to identify and allocate the indirect cost pools, as described in sections E.2 and F.1 through F.7, must contain the full amount of the institution's modified total costs or other appropriate units of measurement used to make the computations. In addition, the final rate distribution base (as defined in section G.2) for each major function (organized research, instruction, etc., as described in section B.1) shall contain all the programs or activities which utilize the indirect costs allocated to that major function. At the time an indirect cost proposal is submitted to a Federal cognizant agency, each institution must describe

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he process it uses to ensure that Federal funds are not used to subsidize industry and foreign government funded programs.

5. A new section number 0 is added to section G.

0. Limitation on reimbursement of administrative costs.

a. Notwithstanding the provisions of G.1.a, the administrative costs charged to sponsored agreements awarded or amended (including continuation and renewal awards) with effective dates beginning on or after the start of the institution's first fiscal year which begins on or after October 1, 1991, shall be limited to 20% of modified total direct costs (as defined in section G.2) for the total of General Administration and General Expenses, Departmental Administration and Sponsored Projects Administration (including their allocable share of depreciation and/or use allowances, operation and maintenance expenses, and fringe benefit costs as provided by sections F.3.a, f.4.a.(3), and F.5.a).

b. Existing indirect cost rates that affect institutions' fiscal years which begin on or after October 1, 1991, shall be unilaterally amended by the cognizant Federal agency to reflect the cost limitation in subsection a above.

c. Permanent rates established prior to this revision which have been amended in accordance with subsection b may be renegotiated. However, no such renegotiated rate may exceed the rate which would have been in effect if the agreement had remained in effect; nor may the administrative portion of any renegotiated rate exceed the limitation in subsection a.

d. Institutions should not change their accounting or cost allocation methods which were in effect on May 1, 1991, if the effect is to: (i) Change the charging of a particular type of cost from indirect to direct, or (ii) reclassify costs, or increase allocations, from the administrative pools identified in subsection a above to the other indirect cost pools or fringe benefits. Cognizant Federal agencies are authorized to permit charges where an institution's charging practices are at variance with acceptable practices followed by a substantial majority of other institutions.

6. A new subsection 7 is added to section G.

7. Individual rate components. In order to satisfy the requirements of Section J.12.f and to provide mutually agreed upon information for management purposes, each indirect cost rate negotiation or determination shall include development of a rate for

each indirect cost pool as well as the overall indirect cost rate.

7. Section J is renumbered as follows:

J. General Provisions for Selected Items of Cost

1. Advertising and public relations costs
2. Alcoholic beverages
3. Alumni activities
4. Bad debts
5. Civil defense costs
6. Commencement and convocation costs
7. Communication costs
8. Compensation for personal services
9. Contingency provisions
10. Deans of Faculty and graduate schools
11. Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringement
12. Depreciation and use allowances
13. Donated services and property
14. Employee morale, health, and welfare costs and credits
15. Entertainment costs
16. Equipment and other capital expenditures
17. Executive lobbying costs
18. Fines and penalties
19. Goods and services for personal use
20. Housing and personal living expenses
21. Insurance and indemnification
22. Interest, fund raising, and investment management costs
23. Labor relations costs
24. Lobbying
25. Losses on other sponsored agreements or contracts
26. Maintenance and repair costs
27. Material costs
28. Memberships, subscriptions, and professional activity costs
29. Patent costs
30. Plant security costs
31. Preagreement costs
32. Professional services costs
33. Profits and losses on disposition of plant equipment or other capital assets
34. Proposal costs
35. Rearrangement and alteration costs
36. Reconversion costs
37. Recruiting costs
38. Rental cost of buildings and equipment
39. Royalties and other costs for use of patents
40. Sabbatical leave costs
41. Scholarships and student aid costs
42. Selling and marketing
43. Severance pay
44. Specialized service facilities
45. Student activity costs
46. Taxes
47. Transportation costs
48. Travel costs
49. Termination costs applicable to sponsored agreements
50. Trustees

8. Section I, *Advertising costs*, is retitled *Advertising and public relations costs* and revised to read as follows:

1. Advertising and public relations costs.

a. The term advertising costs means the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television

programs, direct mail, exhibits, and the like.

b. The term public relations includes community relations and means those activities dedicated to maintaining the image of the institution or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public.

c. The only allowable advertising costs are those which are solely for:

(1) The recruitment of personnel required for the performance by the institution of obligations arising under the sponsored agreement, when considered in conjunction with all other recruitment costs, as set forth in section J 37;

(2) The procurement of goods and services for the performance of the sponsored agreement;

(3) The disposal of scrap or surplus materials acquired in the performance of the sponsored agreement except when institutions are reimbursed for disposal costs at a predetermined amount in accordance with Attachment N, OMB Circular No. A-110; or

(4) Other specific purposes necessary to meet the requirements of the sponsored agreement.

d. The only allowable public relations costs are:

(1) Costs specifically required by sponsored agreements;

(2) Costs of communicating with the public and press pertaining to specific activities or accomplishments which result from performance of sponsored agreements; or

(3) Costs of conducting general liaison with news media and government public relations officers, to the extent that such activities are limited to communication and liaison necessary to keep the public informed on matters of public concern such as notices of contract/grant awards, financial matters, etc.

e. Costs identified in c through d, if incurred for more than one sponsored agreement or for both sponsored work and other work of the institution, are allowable to the extent that the principles in section D and E are observed.

f. Unallowable advertising and public relations costs include the following:

(1) All advertising and public relations costs other than as specified in subsections c, d, and e above;

(2) Costs of convocations or other events related to instruction or other institutional activities including:

(i) Costs of displays, demonstrations, and exhibits;

(ii) Costs of meeting rooms, hospitality suites, and other special facilities used

in conjunction with shows and other special events; and

(ii) Salaries and wages of employees engaged in setting up and displaying exhibits, making demonstrations, and providing briefings;

(3) Costs of promotional items and memorabilia, including models, gifts, and souvenirs;

(4) Costs of advertising and public relations designed solely to promote the institution.

9. The following new section 2 is added to section J:

2. *Alcoholic beverages.* Costs of alcoholic beverages are unallowable.

10. The following new section 3 is added to section J:

3. *Alumni activities.* Costs incurred for, or in support of, alumni activities and similar services are unallowable.

11. Former section 6, *Compensation for personal services*, is renumbered 8 and revised as follows:

a. Former section J.15, *Fringe benefits*, is deleted and moved in its entirety to a new subsection f in this section and renumbered accordingly. A sentence is added at the end of the first subsection on rules for pension costs and now reads as follows:

f. *Fringe benefits.*

(3) Rules for pension plan costs are as follows:

(a) Costs of the institution's pension plan which are incurred in accordance with the established policies of the institution are allowable, provided: (i) Such policies meet the test of reasonableness, (ii) the methods of cost allocation are equitable for all activities, (iii) the amount of pension cost assigned to each fiscal year is determined in accordance with (b) below, and (iv) the cost assigned to a given fiscal year is paid or funded for all plan participants within six months after the end of that year. However, increases to normal and past service pension costs caused by a delay in funding the actuarial liability beyond 30 days after each quarter of the year to which such costs are assignable are unallowable.

b. A new subsection g is added to this section and reads as follows:

g. *Institution-furnished automobiles.*

That portion of the cost of institution-furnished automobiles that relates to personal use by employees (including transportation to and from work) is unallowable regardless of whether the cost is reported as taxable income to the employees.

12. A new subsection f is added to former section J.9.

f. This section applies to the largest college and university recipients of Federal research and development funds as displayed in Exhibit A.

(1) Institutions shall expend currently, or reserve for expenditure within the next five years, the portion of indirect cost payments made for depreciation or use allowances under sponsored research agreements, consistent with section G.7, to acquire or improve research facilities. This provision applies only to Federal agreements which reimburse indirect costs at a full negotiated rate. These funds may only be used for: (a) liquidation of the principal of debts incurred to acquire assets that are used directly for organized research activities, or (b) payments to acquire, repair, renovate, or improve buildings or equipment directly used for organized research. For buildings or equipment not exclusively used for organized research activity, only appropriately proportionate amounts will be considered to have been expended for research facilities.

(2) An assurance that an amount equal to the Federal reimbursements has been appropriately expended or reserved to acquire or improve research facilities shall be submitted as part of each indirect cost proposal submitted to the cognizant Federal agency which is based on costs incurred on or after October 1, 1991. This assurance will cover the cumulative amounts of funds received and expended during the period beginning after the period covered by the previous assurance and ending with the fiscal year on which the proposal is based. The assurance shall also cover any amounts reserved from a prior period in which the funds received exceeded the amounts expended.

13. The following new section 11 is added to section J:

11. *Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringement.*

a. *Definitions.*

Conviction, as used herein, means a judgment or conviction of a criminal offense by any court of competent jurisdiction, whether entered upon verdict or a plea, including a conviction due to a plea of nolo contendere.

Costs, include, but are not limited to, administrative and clerical expenses; the cost of legal services, whether performed by in-house or private counsel; the costs of the services of accountants, consultants, or others retained by the institution to assist it; costs of employees, officers and trustees, and any similar costs incurred before, during, and after commencement of a judicial or administrative proceeding that bears a direct relationship to the proceedings.

Fraud, as used herein, means (i) acts of fraud or corruption or attempts to defraud the Government or to corrupt its

agents, (ii) acts that constitute a cause for debarment or suspension (as specified in agency regulations), and (iii) acts which violate the False Claims Act 31 U.S.C., sections 3729-3731, or the Anti-kickback Act, 41 U.S.C., sections 51 and 54.

Penalty, does not include restitution, reimbursement, or compensatory damages.

Proceeding, includes an investigation.

b. (1) Except as otherwise described herein, costs incurred in connection with any criminal, civil or administrative proceeding (including filing of a false certification) commenced by the Federal Government, or a State, local or foreign government, are not allowable if the proceeding (1) relates to a violation of, or failure to comply with, a Federal, State, local or foreign statute or regulation, by the institution (including its agents and employees); and (2) results in any of the following dispositions:

(a) In a criminal proceeding, a conviction.

(b) In a civil or administrative proceeding involving an allegation of fraud or similar misconduct, a determination of institutional liability.

(c) In the case of any civil or administrative proceeding, the imposition of a monetary penalty.

(d) A final decision by an appropriate Federal official to debar or suspend the institution, to rescind or void an award, or to terminate an award for default by reason of a violation or failure to comply with a law or regulation.

(e) A disposition by consent or compromise, if the action could have resulted in any of the dispositions described in (a), (b), (c) or (d) of b.(1) above.

(2) If more than one proceeding involves the same alleged misconduct, the costs of all such proceedings shall be unallowable if any one of them results in one of the dispositions shown in b.(1) above.

c. If a proceeding referred to in paragraph b. is commenced by the Federal Government and is resolved by consent or compromise pursuant to an agreement entered into by the institution and the Federal Government, then the costs incurred by the institution in connection with such proceedings that are otherwise not allowable under paragraph b. may be allowed to the extent specifically provided in such agreement.

d. If a proceeding referred to in paragraph b is commenced by a State, local or foreign government, the authorized Federal official may allow the costs incurred by the institution for

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such proceedings, if such authorized official determines that the costs were incurred as a result of (1) a specific term or condition of a Federally sponsored agreement, or (2) specific written direction of an authorized official of the sponsoring agency.

e. Costs incurred in connection with proceedings described in paragraph b., but which are not made unallowable by that paragraph, may be allowed by the Government but only to the extent that:

(1) The costs are reasonable in relation to the activities required to deal with the proceeding and the underlying cause of action;

(2) Payment of the costs incurred, as allowable and allocable costs, is not prohibited by any other provision(s) of the sponsored agreement;

(3) The costs are not otherwise recovered from the Federal Government or a third party, either directly as a result of the proceeding or otherwise; and

(4) The percentage of costs allowed does not exceed the percentage determined by an authorized Federal official to be appropriate considering the complexity of procurement litigation, generally accepted principles governing the award of legal fees in civil actions involving the United States as a party, and such other factors as may be appropriate. Such percentage shall not exceed 80 percent. However, if an agreement reached under paragraph c. has explicitly considered this 80 percent limitation and permitted a higher percentage, then the full amount of costs resulting from that agreement shall be allowable.

f. Costs incurred by the institution in connection with the defense of suits brought by its employees or ex-employees under section 2 of the Major Fraud Act of 1988 (Pub. L. 100-700), including the cost of all relief necessary to make such employee whole, where the institution was found liable or settled, are unallowable.

g. Costs of legal, accounting, and consultant services, and related costs, incurred in connection with defense against Government claims or appeals, or the prosecution of claims or appeals against the Government, are unallowable.

h. Costs of legal, accounting, and consultant services, and related costs, incurred in connection with patent infringement litigation, are unallowable unless otherwise provided for in the sponsored agreements.

i. Costs which may be unallowable under this section, including directly associated costs, shall be segregated and accounted for by the institution separately. During the pendency of any

proceeding covered by paragraphs b. and f. of this section, the Government shall generally withhold payment of such costs. However, if in the best interests of the Government, the Government may provide for conditional payment upon provision of adequate security, or other adequate assurance, and agreement by the institution to repay all unallowable costs, plus interest, if the costs are subsequently determined to be unallowable.

14. Former section 10, *Donated services and property*, is renumbered 13 and retitled *Donations and contributions*. The existing text is numbered subsection a and the following new subsection b is added.

b. Donations or contributions made by the institution, regardless of the recipient, are unallowable.

15. Former section 11, *Employee morale, health, and welfare costs and credits*, is renumbered 14 and revised to read as follows:

14. *Employee morale, health, and welfare costs and credits*. The costs of house publications, health or first-aid clinics and/or infirmaries, recreational activities, food services, employees' counseling services, and other expenses incurred in accordance with the institution's established practice or custom for the improvement of working conditions, employer-employee relations, employee morale, and employee performance, are allowable. Such costs will be equitably apportioned to all activities of the institution. Income generated from any of these activities will be credited to the cost thereof unless such income has been irrevocably set over to employee welfare organizations. Losses resulting from operating food services are allowable only if the institution's objective is to operate such services on a break-even basis. Losses sustained because of operating objectives other than the above are allowable only (a) where the institution can demonstrate unusual circumstances, and (b) with the approval of the cognizant Federal agency.

16. Former section 12, *Entertainment costs*, is renumbered 15 and revised to read as follows:

15. *Entertainment costs*. Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable.

17. The following new section 17 is added to section j:

17. *Executive lobbying costs*. Costs incurred in attempting to improperly influence either directly or indirectly, an employee or officer of the executive branch of the Federal Government to give consideration or to act regarding a sponsored agreement or a regulatory matter are unallowable. Improper influence means any influence that induces or tends to induce a Government employee or officer to give consideration or to act regarding a Government-sponsored agreement or regulatory matter on any basis other than the merits of the matter.

18. Former section 18, *Insurance and indemnification*, is renumbered 21 and a new subsection f is added as follows:

f. *Insurance against defects*. Costs of insurance with respect to any costs incurred to correct defects in the institution's materials or workmanship are unallowable.

19. Former section 14, *Fines and penalties*, is renumbered 18 and revised to read as follows:

18. *Fines and penalties*. Costs resulting from violations of, or failure of the institution to comply with, Federal, State, local or foreign laws and regulations are unallowable, except when incurred as a result of compliance with specific provisions of the sponsored agreement, or instructions in writing from the authorized official of the sponsoring agency authorizing in advance such payments.

20. A new section 19 is added to read as follows:

19. *Goods or services for personal use*. Costs of goods or services for personal use of the institution's employees are unallowable regardless of whether the cost is reported as taxable income to the employees.

21. A new section 20 is added to read as follows:

20. *Housing and personal living expenses*.

a. Costs of housing (e.g., depreciation maintenance, utilities, furnishings, rent, etc.), housing allowances and personal living expenses for/of the institution's officers are unallowable regardless of whether the cost is reported as taxable income to the employees.

b. The term officers includes current and past officers.

22. The following new section 24 is added to section j:

24. *Lobbying*: Reference is made to the common rule published at 55 FR 8736 (2/20/90) and the Office of Management and Budget governmentwide guidance and notice published at 54 FR 52300 (12/20/89) and 55 FR 24540 (6/15/90), respectively. In addition, the following restrictions shall apply:

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Notwithstanding other provisions of this Circular, costs associated with the following activities are unallowable:

(1) Attempts to influence the outcomes of any Federal, State, or local election, referendum, initiative, or similar procedure, through in kind or cash contributions, endorsements, publicity, or similar activity;

(2) Establishing, administering, contributing to, or paying the expenses of a political party, campaign, political action committee, or other organization established for the purpose of influencing the outcomes of elections;

(3) Any attempt to influence (i) the introduction of Federal or State legislation (ii) the enactment or modification of any pending Federal or State legislation through communication with any member or employee of the Congress or State legislature (including efforts to influence State or local officials to engage in similar lobbying activity) or (iii) any government official or employee in connection with a decision to sign or veto enrolled legislation;

(4) Any attempt to influence (i) the introduction of Federal or State legislation; or (ii) the enactment or modification of any pending Federal or State legislation by preparing, distributing or using publicity or propaganda, or by urging members of the general public, or any segment thereof, to contribute to or participate in any mass demonstration, march, rally, fund raising drive, lobbying campaign, or letter writing or telephone campaign; or

(5) Legislative liaison activities, including attendance at legislative sessions or committee hearings, gathering information regarding legislation, and analyzing the effect of legislation, when such activities are carried on in support of or in knowing preparation for an effort to engage in unallowable lobbying.

b. The following activities are excepted from the coverage of subsection a:

(1) Technical and factual presentations on topics directly related to the performance of a grant, contract or other agreement (through hearing testimony, statements, or letters to the Congress or a State legislature, or subdivision, member, or cognizant staff member thereof), in response to a documented request (including a Congressional Record notice requesting testimony or statements for the record at a regularly scheduled hearing) made by the recipient member, legislative body or subdivision, or a cognizant staff member thereof; provided such information is readily obtainable and is readily put in deliverable form.

and further provided that costs under this section for travel, lodging or meals are unallowable unless incurred to offer testimony at a regularly scheduled Congressional hearing pursuant to a written request for such presentation made by the Chairman or Ranking Minority Member of the Committee or Subcommittee conducting such hearing;

(2) Any lobbying made unallowable by section a.(3) to influence State legislation in order to directly reduce the cost, or to avoid material impairment of the institution's authority to perform the grant, contract, or other agreement; or

(3) Any activity specifically authorized by statute to be undertaken with funds from the grant, contract, or other agreement.

c. When an institution seeks reimbursement for indirect costs, total lobbying costs shall be separately identified in the indirect cost rate proposal, and thereafter treated as other unallowable activity costs in accordance with the procedures of subsection B.I.e.

d. Institutions shall submit as part of their annual indirect cost rate proposal a certification that the requirements and standards of this section have been complied with.

e. Institutions shall maintain adequate records to demonstrate that the determination of costs as being allowable or unallowable pursuant to this section J.24 complies with the requirements of this Circular.

f. Time logs, calendars, or similar records shall not be required to be created for purposes of complying with this section during any particular calendar month when: (1) the employee engages in lobbying (as defined in subsections a and b above) 25 percent or less of the employee's compensated hours of employment during that calendar month, and (2) within the preceding five-year period, the institution has not materially misstated allowable or unallowable costs of any nature, including legislative lobbying costs. When conditions (1) and (2) are met, institutions are not required to establish records to support the allowability of claimed costs in addition to records already required or maintained. Also, when conditions (1) and (2) are met, the absence of time logs, calendars, or similar records will not serve as a basis for disallowing costs by contesting estimates of lobbying time spent by employees during a calendar month.

g. Agencies shall establish procedures for resolving in advance, in consultation with OMB, any significant questions or disagreements concerning the interpretation or application of this

section J.24. Any such advance resolutions shall be binding in any subsequent settlements, audits or investigations with respect to that grant or contract for purposes of interpretation of this Circular; provided, however, that this shall not be construed to prevent a contractor or grantee from contesting the lawfulness of such a determination.

23. Former section 22, *Memberships, subscriptions, and professional activity costs*, is renumbered 28 and revised as follows:

(a) In subsections a and b, delete the word "civic."

(b) Add the following new subsections d and e.

d. Costs of membership in any civic or community organization are unallowable.

e. Costs of membership in any country club or social or dining club or organization are unallowable.

24. Section 28, *Professional services costs*, is renumbered 32 and revised to read as follows:

a. Subsection a is changed to read:

a. Costs of professional and consulting services, including legal services rendered by the members of a particular profession who are not employees of the institution, are allowable, subject to J.32.b and section J.11, when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from the Federal Government. Retainer fees, to be allowable, must be reasonably supported by evidence of services rendered.

b. Subsection c is deleted.

25. The following new section 42 is added to section J:

42. *Selling and marketing*. Costs of selling and marketing any products or services of the institution (unless allowed under sections J.1.c or J.34) are unallowable.

26. Former section 37, *Severance pay*, is renumbered 43 and subsection d is added to read as follows:

d. Costs incurred in excess of the institution's normal severance pay policy applicable to all persons employed by the institution upon termination of employment are unallowable.

27. Former section 43, *Travel costs*, is renumbered 48 and revised to read as follows:

48. *Travel costs*.

a. *General*. Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the institution. Such costs may be charged on an actual basis, on a per diem or mileage basis in

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lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip, results in reasonable charges, and is in accordance with the institution's travel policy and practices consistently applied to all institutional travel activities.

b. *Lodging and subsistence.* Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, shall be considered reasonable and allowable only to the extent such costs do not exceed charges normally allowed by the institution in its regular operations as a result of an institutional policy and the amounts claimed under sponsored agreements represent reasonable and allocable costs. In the absence of an acceptable institutional policy regarding travel costs, the rates and amounts established under subchapter I of chapter 57 of title 5, United States Code, or by the Administrator of General Services, or the President (or his designee) pursuant to any provisions of such subchapter shall apply to sponsored agreements (41 U.S.C. 420).

c. *Commercial Air Travel.* Airfare costs in excess of the lowest available commercial discount airfare, Federal Government contract airfare (where authorized and available), or customary standard (coach or equivalent) airfare, are unallowable except when such accommodations would: Require circuitous routing; require travel during unreasonable hours; excessively prolong travel; greatly increase the duration of the flight; result in increased cost that would offset transportation savings; or offer accommodations not reasonably adequate for the medical needs of the traveler. Where an institution can reasonably demonstrate to the sponsoring agency either the nonavailability of discount airfare or Government contract airfare for individual trips or, on an overall basis, that it is the institution's practice to make routine use of such airfare, specific determinations of nonavailability will generally not be questioned by the Government, unless a pattern of avoidance is detected. However, in order for airfare costs in excess of the customary standard commercial airfare to be allowable, e.g., use of first-class airfare, the institution must justify and document on a case-by-case basis the applicable condition(s) set forth above.

d. *Air travel by other than commercial carrier.* "Cost of travel by institution-owned, -leased, or -chartered

aircraft," as used in this paragraph, includes the cost of lease, charter, operation (including personnel costs), maintenance, depreciation, insurance, and other related costs. Costs of travel via institution-owned, -leased, or -chartered aircraft shall not exceed the cost of allowable commercial air travel, as provided for in section c above.

28. The following new section 50 is added to section j:

50. *Trustees.* Travel and subsistence costs of trustees, regardless of the purpose of the trip, are unallowable.

29. Section K is amended by renumbering the existing text as 1 and adding a new subsection 2 as follows:

2. Certification of indirect costs.
a. *Policy.*

(1) No proposal to establish indirect cost rates shall be acceptable unless such costs have been certified by the educational institution using the Certificate of Indirect Costs set forth in paragraph b below. The certificate must be signed on behalf of the institution by an individual at a level no lower than vice president or chief financial officer of the institution that submits the proposal.

(2) No indirect cost rate shall be binding upon the Federal Government if the most recent required proposal from the institution has not been certified. Where it is necessary to establish indirect cost rates, and the institution has not submitted a certified proposal for establishing such rates in accordance with the requirements of this section, the Federal Government shall unilaterally establish such rates. Such rates may be based upon audited historical data or such other data that have been furnished to the cognizant Federal agency and for which it can be demonstrated that all unallowable costs have been excluded. When indirect cost rates are unilaterally established by the Federal Government because of failure of the institution to submit a certified proposal for establishing such rates in accordance with this section, the rates established will be set at a level low enough to ensure that potentially unallowable costs will not be reimbursed.

b. *Certificate.* The certificate required by this section shall be in the following form:

Certificate of Indirect Costs

This is to certify that to the best of my knowledge and belief:

(1) I have reviewed the indirect cost proposal submitted herewith;

(2) All costs included in this proposal [identify date] to establish billing or final indirect costs rate for [identify period covered by rate] are allowable in accordance with the requirements of the Federal

agreement(s) to which they apply and with the cost principles applicable to those agreements.

(3) This proposal does not include any costs which are unallowable under applicable cost principles such as (without limitation): advertising and public relations costs, contributions and donations, entertainment costs, fines and penalties, lobbying costs, and defense of fraud proceedings; and

(4) All costs included in this proposal are properly allocable to Federal agreements on the basis of a beneficial or causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable requirements.

I declare under penalty of perjury that the foregoing is true and correct.

Institution: _____
Signature: _____
Name of Official: _____
Title: _____
Date of Execution: _____

30. The following Exhibit is added:

Exhibit A—List of Colleges and Universities Subject to Section J.9.F of Circular A-21

1. Johns Hopkins University
2. Stanford University
3. Massachusetts Institute of Technology
4. University of Washington
5. University of California—Los Angeles
6. University of Michigan
7. University of California—San Diego
8. University of California—San Francisco
9. University of Wisconsin—Madison
10. Columbia University
11. Yale University
12. Harvard University
13. Cornell University
14. University of Pennsylvania
15. University of California—Berkeley
16. University of Minnesota
17. Pennsylvania State University
18. University of Southern California
19. Duke University
20. Washington University
21. University of Colorado
22. University of Illinois—Urbana
23. University of Rochester
24. University of North Carolina—Chapel Hill
25. University of Pittsburgh
26. University of Chicago
27. University of Texas—Austin
28. University of Arizona
29. New York University
30. University of Iowa
31. Ohio State University
32. University of Alabama—Birmingham
33. Case Western Reserve
34. Baylor College of Medicine
35. California Institute of Technology
36. Yeshiva University
37. University of Massachusetts
38. Vanderbilt University
39. Purdue University
40. University of Utah
41. Georgia Institute of Technology
42. University of Maryland—College Park
43. University of Miami
44. University of California—Davis
45. Boston University
46. University of Florida

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47. Carnegie-Mellon University
48. Northwestern University
49. Indiana University
50. Michigan State University
51. University of Virginia
52. University of Texas—SW Medical Center
Dallas
53. University of California—Irvine
54. Princeton University
55. Tulane University of Louisiana
56. Emory University
57. University of Georgia
58. Texas A & M University—all campuses
59. New Mexico State University
60. North Carolina State University—Raleigh
61. University of Illinois—Chicago
62. Utah State University
63. Virginia Commonwealth University
64. Oregon State University
65. SUNY—Stony Brook
66. University of Cincinnati
67. CUNY—Mount Sinai School of Medicine
68. University of Connecticut
69. Louisiana State University
70. Tufts University
71. University of California—Santa Barbara
72. University of Hawaii—Manoa
73. Rutgers State University of New Jersey
74. Colorado State University
75. Rockefeller University
76. University of Maryland—Baltimore
77. Virginia Polytechnic Institute & State
University
78. SUNY—Buffalo
79. Brown University
80. University of Medicine & Dentistry of
New Jersey
81. University of Texas—Health Science
Center San Antonio
82. University of Vermont
83. University of Texas—Health Science
Center Houston
84. Florida State University
85. University of Texas—Md Anderson
Cancer Center
86. University of Kentucky
87. Wake Forest University
88. Wayne State University
89. Iowa State University of Science &
Technology
90. University of New Mexico
91. Georgetown University
92. Dartmouth College
93. University of Kansas
94. Oregon Health Sciences University
95. University of Texas—Medical Branch—
Galveston
96. University of Missouri—Columbia
97. Temple University
98. George Washington University
99. University of Dayton

[FR Doc. 91-24008 Filed 10-2-91; 8:45 am]
BILLING CODE 3110-01-M

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AGENCY FOR INTERNATIONAL DEVELOPMENT
PROJECT IMPLEMENTATION ORDER/TECHNICAL SERVICES (PIO/T)

Proc

1. Cooperating Country <p align="center">Nepal</p>		2. PIO/T No. <p align="center">See below.</p>	3. PIO/T Amend No. <p align="center">3</p>
4. Project/Activity No. and Title 367-0163 Democratic Institutions Strengthening (Clark Atlanta University)		5. Appropriation Symbol(s) <p align="center">See below.</p>	
7. Pro Ag No. or Project Authorization/Date 367-0163, 7/10/92		6. Budget Plan Code(s) <p align="center">See below.</p>	
9. Project Assistance Completion Date (Month, Day, Year) 7/31/96		8. Obligation Status <input type="checkbox"/> Administrative Reservation <input checked="" type="checkbox"/> Implementing Document	
11. Type of Action and Governing A.I.D. Handbook: A. A.I.D. Contract (HB 14) B. A.I.D. Grant or Cooperative Agreement (HB 13) C. PASA/RSSA (HB 12) D. Other		10. Authorized Agent <p align="center">USAID/Nepal</p>	
11. Type of Action and Governing A.I.D. Handbook: <input checked="" type="checkbox"/> B		12. Contract/Grant/Cooperative Agreement/ PASA/RSSA Reference Number (if this PIO/T is for an order or a modification to an award) <p align="center">-</p>	
13. A.I.D. Funding (Attach a detailed budget in support of column (2) as Attachment A.			
	(1) Previous Total	(2) Increase	(3) Decrease
A. Dollars	1,020,610	-	-
B. U.S.-Owned Local Currency			1,020,610
14. Mission References			
15. Instructions to Authorized Agent			

This PIO/T requests Office of Procurement to:

- 1) negotiate a grant agreement with Clark Atlanta University for a planned level of \$1,800,000 for program activities as described in the original PIO/T,
- 2) sign the grant agreement for not exceeding \$1,634,730 in total, and
- 3) commit \$1,020,610 as the first increment.

(Continued on Form AID 1300-1, page 2)

16. Address of Voucher Paying Office

Letter of Credit - AID/W

17. Clearances - Include typed name, office symbol, and date for all clearances.

A. The Project Officer certifies (1) that the specifications in the statement of work or program description are technically adequate, and (2) that (for contract actions only) all program personnel who are defined as procurement officials under 41 U.S.C. 423 have signed the Procurement Integrity Certification (OF-333).

Signature: PPD:TRTuladhar *[Signature]* Date: 9/23/93 Phone No: 273

B. The statement of work or program description lies within the purview of the initiating office and approved agency programs.

Signature: PPD:RByess *[Signature]* Date: 9/23/93

C. Signature: PPD:KRGurung *[Signature]* Date: 9/27/93

D. Funds for the services requested are available.

Signature: FM:AJamshed *[Signature]* Date: 9/25/93

E. Signature: A/DD:DAOot *[Signature]* Date: 9/29/93

18. For the Cooperating Country: The terms and conditions set forth herein are hereby agreed to:

Signature: N/A Title: Date:

19. For the Agency for International Development:

Signature: Theodora Wood-Stervinou *[Signature]* Title: Acting Director Date: 9-29-93

FOR CONTRACT ACTIONS ONLY: SOURCE SELECTION INFORMATION--SEE PAR 3.104. THIS DOCUMENT, OR PORTIONS THEREOF, CONTAINS PROPRIETARY OR SOURCE SELECTION INFORMATION RELATED TO THE CONDUCT OF A FEDERAL AGENCY ACQUISITION. THE DISCLOSURE OF WHICH IS RESTRICTED BY LAW (41 U.S.C. 423). UNAUTHORIZED DISCLOSURE OF THIS INFORMATION MAY SUBJECT BOTH THE DISCLOSURER AND RECIPIENT TO CONTRACTUAL, CIVIL, AND/OR CRIMINAL PENALTIES AS PROVIDED BY LAW.

FOR OTHER ACTIONS: UNAUTHORIZED DISCLOSURE OF PROPRIETARY OR SOURCE SELECTION INFORMATION MAY SUBJECT AN EMPLOYEE TO DISCIPLINARY ACTION.

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CONTINUATION SHEET	UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY INTERNATIONAL DEVELOPMENT AGENCY FOR	<input type="checkbox"/> Worksheet <input checked="" type="checkbox"/> Invoice	PAGE <u>2</u> OF <u>2</u> PAGES
	<input type="checkbox"/> PIO/C <input type="checkbox"/> PIO/P <input checked="" type="checkbox"/> PIO/T <input type="checkbox"/> PA/PR	1. Cooperating Country Nepal	
		2a. PIO Number See below.	2b. Amendment No. <u>3</u> <input type="checkbox"/> Original OR No.
3. Project Number and Title 367-0163 Democratic Institutions Strengthening (Clark Atlanta University)			

Indicate block numbers

Use this form to complete the information required in any block of a PIO/P, PIO/T or PA/PR. For PIO/C, furnish the item number, quantity, description/specifications, including catalog stock number and price when available.

(Continuation of Block 15)

Subsequent increments will be subject to the availability of funds.

It should be clearly mentioned in the grant agreement that the increase in the grant amount by \$165,270 to the negotiated level of \$1,800,000 will be subject to the authorization and approval of the planned increase in LOP funding for the DIS Project in FY 94 and the availability of funds.

Funding for this grant is provided from the following PIO/Ts:

<u>PIO/T No.</u>	<u>Appropriation</u>	<u>Budget Plan Code</u>	<u>Amount</u>
367-0163-3-20104	72-112/31021	HDS2-92-27367-KG13	\$ 309,610
" " "	72-1121021	HDSA-92-27367-JG13	\$ 30,000
367-0163-3-30019	72-1131021	HDVA-93-27367-KG13	\$ 681,000
			\$1,020,610

Title to any and all property procured under this grant shall rest with the Ministry of Local Development of His Majesty's Government of Nepal.

The grant completion date must not go beyond the PACD of DIS Project, i.e., 7/31/96. Any extension beyond this date will be subject to the extension of the DIS Project PACD.

The requirement that the grantee provide 25% of the total USAID budget is not applicable for the proposed agreement with Clark Atlanta University. Accordingly, this requirement as contained in the Scope of Work attached to the original PIO/T is hereby deleted.

BEST AVAILABLE COPY

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Proc

AGENCY FOR INTERNATIONAL DEVELOPMENT
PROJECT IMPLEMENTATION ORDER/TECHNICAL SERVICES (PIO/T)*

1. Cooperating Country NEPAL		2. PIO/T No. See below	3. PIO/T Amend No. 2
4. Project/Activity No. and Title 367-0163 : Democratic Institutions Strengthening		5. Appropriation Symbol(s) See below.	
7. Pro Ag No. or Project Authorization/Date 367-0163, 7/10/92		6. Budget Plan Code(s) See below.	
9. Project Assistance Completion Date (Month, Day, Year) 07/31/96		8. Obligation Status <input type="checkbox"/> Administrative Reservation <input checked="" type="checkbox"/> Implementing Document	
11. Type of Action and Governing A.I.D. Handbook: A. A.I.D. Contract (HB 14) B. A.I.D. Grant or Cooperative Agreement (HB 13) C. PASA/RSSA (HB 12) D. Other		12. Contract/Grant/Cooperative Agreement/ PASA/RSSA Reference Number (if this PIO/T is for an order or a modification to an award) -	
13. A.I.D. Funding (Attach a detailed budget in support of column (2) as Attachment A.)			
	(1) Previous Total	(2) Increase	(3) Decrease
A. Dollars	339,610	681,000	-
			(4) Total to Date
B. U.S.-Owned Local Currency			1,020,610
14. Mission References			
15. Instructions to Authorized Agent			

This PIO/T provides an additional \$681,000 for negotiating a grant agreement with Clark Atlanta University, a U.S. HBCU, for program activities as requested in the original PIO/T. Any additional funds that would be required after the negotiation will be provided in subsequent increments. Funding for the requested grant is provided from the following PIO/Ts:

PIO/T No.	Appropriation	Budget Plan Code	Amount
367-0163-3-20104	72-112/31021	HDS2-92-27367-KG13	\$ 309,610
" "	72-1121021	HDSA-92-27367-JG13	\$ 30,000
367-0163-3-30019	72-1131021	HDVA-93-27367-KG13	\$ 681,000
			\$1,020,610

16. Address of Voucher Paying Office
Letter of Credit - AID/W

17. Clearances - Include typed name, office symbol, and date for all clearances.

A. The Project Officer certifies (1) that the specifications in the statement of work or program description are technically adequate, and (2) that (for contract actions only) all program personnel who are defined as procurement officials under 41 U.S.C. 423 have signed the Procurement Integrity Certification (OF-333).

Signature: PPD:TRTuladhar *TRT* Date: 6/14/93 Phone No: 273

B. The statement of work or program description lies within the purview of the initiating office and approved agency programs.

Signature: PPD:RBVoss *RBV* Date: 6/17/93 Signature: PROC:KRGurung *KRG* Date: 6/17/93

C. Signature: _____ Date: _____

D. Funds for the services requested are available:

Signature: FM:KCSHrestha *KCS* Date: 6/17/93 Signature: _____ Date: _____

18. For the Cooperating Country: The terms and conditions set forth herein are hereby agreed to:

Signature: _____ Title: _____ Date: _____

19. For the Agency for International Development:

Signature: David G. O'Neil *DGO* Title: Acting Director Date: 6/17/93

FOR CONTRACT ACTIONS ONLY: SOURCE SELECTION INFORMATION--SEE PAR 3.104. THIS DOCUMENT, OR PORTIONS THEREOF, CONTAINS PROPRIETARY OR SOURCE SELECTION INFORMATION RELATED TO THE CONDUCT OF A FEDERAL AGENCY ACQUISITION. THE DISCLOSURE OF WHICH IS RESTRICTED BY LAW (41 U.S.C. 423). UNAUTHORIZED DISCLOSURE OF THIS INFORMATION MAY SUBJECT BOTH THE DISCLOSER AND RECIPIENT TO CONTRACTUAL, CIVIL, AND/OR CRIMINAL PENALTIES AS PROVIDED BY LAW.

FOR OTHER ACTIONS: UNAUTHORIZED DISCLOSURE OF PROPRIETARY OR SOURCE SELECTION INFORMATION MAY SUBJECT AN EMPLOYEE TO DISCIPLINARY ACTION.

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AGENCY FOR INTERNATIONAL DEVELOPMENT
PROJECT IMPLEMENTATION ORDER/TECHNICAL SERVICES (PIO/T)

P163011

Page 1 of 1 Pages

1. Cooperating Country NEPAL		2. PIO/T No. 367-0163-3-20104	3. PIO/T Amend No. 1
4. Project/Activity No. and Title 367-0163 : Democratic Institutions Strengthening		5. Appropriation Symbol(s) * See Block 15 below.	
7. Pro Ag No. or Project Authorization/Date 367-0163, 9/24/92		6. Budget Plan Code(s) See Block 15 below.	
9. Project Assistance Completion Date (Month, Day, Year) 7/31/96		8. Obligation Status <input type="checkbox"/> Administrative Reservation <input checked="" type="checkbox"/> Implementing Document	
10. Authorized Agent USAID/Nepal, RCO			

11. Type of Action and Governing A.I.D. Handbook: <input checked="" type="checkbox"/> A. A.I.D. Contract (HB 14) <input type="checkbox"/> B. A.I.D. Grant or Cooperative Agreement (HB 13) <input type="checkbox"/> C. PASA/RSSA (HB 12) <input type="checkbox"/> D. Other		12. Contract/Grant/Cooperative Agreement/ PASA/RSSA Reference Number (if this PIOT is for an order or a modification to an award) -
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13. A I D Funding (Attach a detailed budget in support of column (2) as Attachment A				
	(1) Previous Total	(2) Increase	(3) Decrease	(4) Total to Date
A. Dollars	330,000	9,610	-	339,610
B. U.S.-Owned Local Currency				

14. Mission Reference: **This amdt Element No. 4 - Support Service**

15. Instructions to Authorized Agent

This PIO/T amendment is issued to authorize pre-grant travel for Clark Atlanta University, recipient of a Cooperative Agreement under the Democratic Institutions Strengthening Project (367-0163). The travel authorization is for the Project Coordinator and one other representative of the grantee to visit USAID/Nepal for 14 working days* The purpose of the travel is negotiation by the grantee of a revised budget, terms of reference, a work plan and selection of a local subcontractor. The pre-grant authorization to travel does not exceed \$9,610.00, which includes the cost of two round-trip economy airfares on an American carrier (\$5,000.00 for two), per diem for 14 days (\$2,688.00 at \$96.00 each), and overhead (\$1,922 at 25%). Contents of Attachment A to this PIO/T should be added to the original Statement of Work.

*72-112/31021	HDS2-92-27367-KG-13	\$309,610	
72-1121021	HDSA-92-27367-JG-13	\$ 30,000	** in March 1993.

16. Address of Voucher Paying Office: **AID/W - Letter of Credit \$339,610**

17. Clearances - include typed name, office symbol, and date for all clearances.
 A. The Project Officer certifies (1) that the specifications in the statement of work or program description are technically adequate, and (2) that (for contract actions only) all program personnel who are defined as procurement officials under 41 U.S.C. 423 have signed the Procurement Integrity Certification (OF-333).

Signature: PPD:KERTUR *[Signature]* Date: **2/1/93** Phone No:

B. The statement of work or program description lies within the purview of the initiating office and approved agency programs.
 Signature: PPD:RBYESS *[Signature]* Date: **2/1/93**

C. Signature: PROC:KGurung Date: **2/1/93**

D. Funds for the services requested are available:
 Signature: FM:KCSHrestha *[Signature]* Date: **2/1/93**

E. Signature: DD:TWStervinou Date: **2-1-93**

18. For the Cooperating Country: The terms and conditions set forth herein are hereby agreed to:
 Signature: **N/A** Title: _____ Date: _____

19. For the Agency for International Development:
 Signature: **Kelly C. Kammerer** Title: **Director** Date: **2-1-93**

FOR CONTRACT ACTIONS ONLY: SOURCE SELECTION INFORMATION--SEE FAR 3.104. THIS DOCUMENT, OR PORTIONS THEREOF, CONTAINS PROPRIETARY OR SOURCE SELECTION INFORMATION RELATED TO THE CONDUCT OF A FEDERAL AGENCY ACQUISITION. THE DISCLOSURE OF WHICH IS RESTRICTED BY LAW (41 U.S.C. 423). UNAUTHORIZED DISCLOSURE OF THIS INFORMATION MAY SUBJECT BOTH THE DISCLOSER AND RECIPIENT TO CONTRACTUAL, CIVIL, AND/OR CRIMINAL PENALTIES AS PROVIDED BY LAW.

FOR OTHER ACTIONS: UNAUTHORIZED DISCLOSURE OF PROPRIETARY OR SOURCE SELECTION INFORMATION MAY SUBJECT AN EMPLOYEE TO DISCIPLINARY ACTION.

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In the Statement of Work, the following section should be added:

8. SUBSTANTIAL INVOLVEMENT

AID will have substantial involvement in the implementation of this grant. The involvement will include, but may not be limited to, the following:

- review and prior approval of each semi-annual work plan for the life of the project;
- prior approval in the selection of any local contractor or grantee;
- approval of the selection of local districts where project activities will be held; and
- approval of all professional personnel prior to hiring.

PROC

AGENCY FOR INTERNATIONAL DEVELOPMENT
PROJECT IMPLEMENTATION ORDER/TECHNICAL SERVICES (PIO/T)*

1. Cooperating Country NEPAL		2. PIO/T No. 367-0163-3-- 20104	3. PIO/T Amend No. -
4. Project/Activity No. and Title 367-0163 : Democratic Institutions Strengthening		5. Appropriation Symbol(s) See Block 15 below.	
		6. Budget Plan Code(s) See Block 15 below.	
7. Pro Ag No. or Project Authorization/Date 367-0163, 9/24/92		8. Obligation Status <input type="checkbox"/> Administrative Reservation <input checked="" type="checkbox"/> Implementing Document	
9. Project Assistance Completion Date (Month, Day, Year) 7/31/96		10. Authorized Agent USAID/Nepal, RCO	

11. Type of Action and Governing A.I.D. Handbook: <input checked="" type="checkbox"/> A. A.I.D. Contract (HB 14) <input type="checkbox"/> B. A.I.D. Grant or Cooperative Agreement (HB 13) <input type="checkbox"/> C. PASA/RSSA (HB 12) <input type="checkbox"/> D. Other		12. Contract/Grant/Cooperative Agreement/ PASA/RSSA Reference Number (if this PIO/T is for an order or a modification to an award)
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13. A.I.D. Funding (Attach a detailed budget in support of column (2) as Attachment A.)				
	(1) Previous Total	(2) Increase	(3) Decrease	(4) Total to Date
A. Dollars	-	330,000	-	330,000
B. U.S.-Owned Local Currency				

14. Mission References
Element No. 3. LOCAL GOVERNMENT

15. Instructions to Authorized Agent

This PIO/T requests the Regional Contracting Officer to negotiate a three-and-a-half years, \$1,011,000 grant with Clark Atlanta University, a U.S. HBCU, for a program to carry out pilot studies and implement activities designed to promote effective local revenue generation and local government accountability in three districts and six villages in Nepal under the Democratic Institutions Strengthening Project (367-0163). A copy of the Statement of Work along with illustrative financial plan as well as results and recommendations of USAID/Nepal's Proposal Review Committee are attached to this PIO/T. This PIO/T provides \$550,000 only as the first increment. Subsequent increment(s) will be provided upon receipt of annual appropriation of funds.

* 72-112/51021	HDS2-92-27367-KG-15	\$500,000	P163009
72-1121021	HDSA-92-27367-JG-15	\$ 30,000	P163010
		\$550,000	

16. Address of Voucher Paying Office
AID/W - Letter of Credit

17. Clearances - include typed name, office symbol, and date for all clearances.
A. The Project Officer certifies (1) that the specifications in the statement of work or program description are technically adequate, and (2) that (for contract actions only) all program personnel who are defined as procurement officials under 41 U.S.C. 423 have signed a Procurement Integrity Certification (OF-333).

Signature: PPD: Richard Byess Date: 2/17/92 Phone No:
B. The statement of work or program description lies within the purview of the initiating office and approved agency programs.
Signature: PPD: Richard Byess Date: 11/18/92
C. Signature: PROC: KGurung Date: 12/14/92
D. Funds for the services requested are available:
E. Signature: DD: TWStervinou Date: 1-27-93

18. For the Cooperating Country: The terms and conditions set forth herein are hereby agreed to:
Signature: Madhav P. Ghimire Title: Under Secretary, MOI Date: January 26, 1993

19. For the Agency for International Development:
Signature: Kelly C. Kamiller Title: Director Date: 1/27/93

FOR CONTRACT ACTIONS ONLY: SOURCE SELECTION INFORMATION--SEE FAR 3.104. THIS DOCUMENT, OR PORTIONS THEREOF, CONTAINS PROPRIETARY OR SOURCE SELECTION INFORMATION RELATED TO THE CONDUCT OF A FEDERAL AGENCY ACQUISITION. THE DISCLOSURE OF WHICH IS RESTRICTED BY LAW (41 U.S.C. 423). UNAUTHORIZED DISCLOSURE OF THIS INFORMATION MAY SUBJECT BOTH THE DISCLOSER AND RECIPIENT TO CONTRACTUAL, CIVIL, AND/OR CRIMINAL PENALTIES AS PROVIDED BY LAW.
FOR OTHER ACTIONS: UNAUTHORIZED DISCLOSURE OF PROPRIETARY OR SOURCE SELECTION INFORMATION MAY SUBJECT AN EMPLOYEE TO DISCIPLINARY ACTION.

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PIOT No.

367-0163-3- 20104

20. Special Provisions

A. Language Requirements (specify) (Include funds in budget for testing, as required.)

English

B. Access to classified information will will not be required by technical specialists. (Indicate level)

C. Duty post(s) and duration of technical specialist(s) services at post(s) (months):

Kathmandu, 3 1/2 years

D. Dependents' travel and support will will not be funded by A.I.D.

E. Geographic code applicable to procurement under this PIOT is: (If other than authorized in Project Authorization, attach waivers(s))

1. 000 3. 935 5. Other (Specify)
 2. 899 4. 941

F. Salary approval(s) to exceed FS-1 salary ceiling are:

1. attached 2. in process 3. N/A

G. Cooperating country acceptance of this project:

1. has been obtained 2. is in process
 3. is not applicable to services required by PIOT.

H. Justification for use of external resources for advisory and assistance services is:

1. attached 2. N/A

I. Clearance for procurement of ADP equipment, software, and services is:

1. attached 2. in process 3. N/A

J. OMB approval of any report to be completed by ten or more members of the general public under the statement of work is:

1. attached 2. in process 3. N/A

K. Participant Training is is not being funded as part of this PIOT.

(If so, attach Budget Estimate Worksheet, Form AID 1382-10)

L. Requirement (contracts only) is recommended for:

1. small-business set-aside 2. SBA 8(a) program
 3. disadvantaged-enterprise set-aside 4. No recommendation

M. Other (specify)

21. Provisions for Logistic Support

A. Specific Items (Insert "X" in applicable column at right. If entry needs qualification, insert asterisk and explain in C "Comments").

	IN KIND SUPPLIED BY		FROM LOCAL CURRENCY SUPPLIED BY		TO BE PROVIDED OR ARRANGED BY SUPPLIER	N/A
	A.I.D.	COOPERATING COUNTRY	A.I.D.	COOPERATING COUNTRY		
(1) Office Space					X	
(2) Office Equipment					X	
(3) Housing and Utilities					X	
(4) Furniture					X	
(5) Household Appliances (Stoves, Refrig., etc.)					X	
(6) Transportation in Cooperating Country					X	
(7) Transportation To and From Country					X	
(8) Interpreter Services/Secretarial					X	
(9) Medical Facilities (Health Room)					X	
(10) Vehicles (official)					X	
(11) Travel Arrangements/Tickets					X	
(12) Nightwatchman for Living Quarters					X	
(13)						
(14)						
(15)						
(16)						

B. Additional Facilities Available From Other Sources:

1. Diplomatic Pouch 2. PX 3. Commissary
 4. Other (Specify, e.g., duty-free entry, tax exemptions)

C. Comments:

Pouch and Commissary facilities may be provided to the Contractor subject to AMA rules and regulations.

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PIO/T No. 367-0163-3- 20104

22. Relationship of Contractor, Recipient, or Participating Agency to Cooperating Country and to A.I.D.**A. Relationships and Responsibilities:**

Contractor shall perform independently and shall be responsible to the Chief, PPD, USAID/Nepal.

B. Cooperating Country Liaison Officials:

None.

C. A.I.D. Liaison Officials:

Mr. Richard Byess, Chief, PPD, USAID/Nepal
Ms. Kathleen Palmer Ertur, DPI Manager, USAID/Nepal

23. Background information (additional information useful to authorized agent)**24. Summary of attachments that accompany the PIO/T (check applicable boxes)**

- A. Detailed budget estimate in support of increased funding (Block 13)
- B. Evaluation criteria for competitive procurement
- C. Justification for procurement by other than full and open competition or noncompetitive assistance
- D. Statement of work or program description
- E. Waiver(s) justification(s), clearance(s), certification(s), approval(s) (specify number)

25. Distribution of PIO/T

PROC-1 (Orig.)
RCO-1
PPD-4
AID/W-1
FM-1
MOF-1

BEST AVAILABLE COPY