



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

MAR 11 1993

Mr. Timothy T. Frost
Program Director
Financial Services Volunteer Corps (FSVC)
425 Lexington Avenue
New York, NY 10017-3909

Subject: Grant No. PCE-0009-G-00-3008-00

Dear Mr. Frost:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A.I.D." or "Grantor") hereby grants to the Financial Services Volunteer Corps, (herein after referred to as "FSVC" or "Grantee"), the sum of \$4,000,000.00 to provide support for a program in the Russian Federation, as described in the Schedule of this grant and Attachment 2, entitled "Program Description".

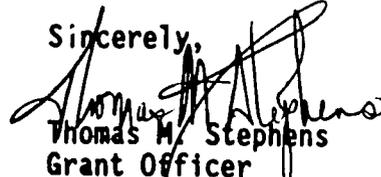
This grant is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Grantee in furtherance of program objectives during the period beginning March 1, 1993 and ending December 31, 1993.

This grant is made to the FSVC 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. Funds disbursed by A.I.D. but uncommitted by the Grantee at the expiration of the grant period shall be refunded to A.I.D.

Pending receipt by A.I.D. of an acceptable Pre-Award Survey, FSVC is not authorized to incur costs under this Grant after June 1, 1993, without the written approval of the Grant Officer.

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

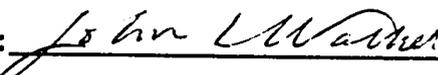
Sincerely,


Thomas M. Stephens
Grant Officer
OP/B/PCE Branch
Office of Procurement

Encl: Attachment 1. Schedule
Attachment 2. Program Description
Attachment 3. Mandatory and Optional Standard Provisions

ACKNOWLEDGED:

Financial Services Volunteer Corps

BY: 
TYPED NAME: John L. Walker
TITLE: President
DATE: March 28, 1993

FISCAL DATA

Negotiator : FAD
PIOT NO: :110-0009-3-366-2404 and Amend. 1 thereto
Project No. : 110-0009
Project Office : NIS/TF/ER
Project Officer : Robert Friedline
Voucher Paying Office : FM/CMP/DCB
CEC No. : 61-671-6387
EIN No. : 13-3568629
Agreement Estimated Amount: \$4,000,000
Obligated Amount : \$4,000,000
Appropriation: :72-112/31037
Budget Plan Code: :WES2-93-36110-KG-12
Allotment No.: :270-68-110-00-69-31
Funding Source: :NIS/TF

SCHEDULE

A. Purpose of Grant

1. The purpose of this Grant between the U.S. Agency for International Development (hereinafter referred to as A.I.D.) and the Financial Services Volunteer Corps (hereinafter referred to as FSVC) is to support FSVC in its activities related to the development of Russia's financial and banking systems, as more fully described in Attachment 2, "Program Description" consisting of FSVC's original proposal dated October 1, 1992 (without Appendixes), and as further revised in FSVC's letter and enclosures dated February 26, 1993; both of which are hereby incorporated by reference.

B. Period of Grant

1. The effective date of this Grant is March 1, 1993. The estimated completion date of this Grant is December 31, 1993.

C. Amount of Grant and Payment

1. A.I.D. hereby obligates the amount of \$4,000,000 for the purposes of this Grant.
2. Payment shall be made to the Grantee in accordance with procedures set forth in Attachment 3, Optional Standard Provision No. 2, entitled "PAYMENT - LETTER OF CREDIT".

D. Financial Plan

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

	<u>Cost Element</u>	<u>AID Funds</u>	<u>Other Non-Fed Funds</u>
A.	<u>GOVERNMENT SECURITIES & BANKING PROJECTS</u>		
1.	Government Securities Project	\$ 141,925	
2.	Wholesale Banking Project	\$ 274,655	
3.	Retail Banking Project (Check Processing \$70,140) (Relationship Accounts \$140,680)	\$ 210,820	
4.	Support Structure for Projects	\$ 342,750	
5.	Overhead	<u>\$ 29,850</u>	\$ 61,800
	Subtotal	\$1,000,000	
B.	<u>ACADEMY PROJECT</u>		
1.	Salaries & Benefits	\$ 337,163	\$112,388
2.	Document Preparation/Interpreters	\$ 149,438	\$ 49,813
3.	Participant Selection	\$ 180,360	\$ 60,120
4.	Program Evaluation	\$ 35,910	\$ 11,970
5.	Participant Costs (includes Orientation - Russia, Academy Lodging/Subsistence, Transportation, On-Site PerDiem at Banks in U.S., Insurance, Equipment and Supplies)	\$2,259,075	\$753,025
6.	Overhead	<u>\$ 38,054</u>	\$ 12,685
	Subtotal	\$3,000,000	
	TOTAL AGREEMENT AMOUNT	<u>\$4,000,000</u>	

E. Reporting and Evaluation

1. Performance Reports: Grantee will monitor the performance under this grant to ensure that time schedules are being met, projected work units by time periods are being accomplished, and other performance goals are being achieved. This review shall be made for each project activity set forth in the Program Description.

The Grantee is to provide AID/NIS/TF/ER with monthly progress reports on the substantive status of the four major projects funded under this agreement. Reports should briefly present the following information for each project activity:

- a. A comparison of actual accomplishments with the goals established for the period. If the output of programs can be readily quantified, such quantitative data should be related to cost data for computation of unit costs.
- b. Reasons why established goals were not met.
- c. Other pertinent information including, where appropriate, analysis and explanation of cost overruns or high unit costs.

Events may occur that have significant impact upon Grantee's program. In such instances, the Grantee shall inform AID as soon as possible.

Final Report: Required at expiration of the grant, incorporates all grant activities, internal evaluations, and final detailed financial statements.

2. Financial Reports: Grantee shall report in accordance with the reporting requirements provided in Attachment 3, Optional Standard Provision No. 2. PAYMENT - LETTER OF CREDIT.

3. Travel Notifications/Approvals: Grantee must advise AID/NIS/TF/ER, in advance, of proposed international travel in accordance with Attachment 3, Optional Standard Provision No. 5. AIR TRAVEL AND TRANSPORTATION.

F. Special Provisions

1. PER DIEM: Grantee, in complying with Attachment 3, Optional Standard Provision No. 5. AIR TRAVEL AND TRANSPORTATION, is reminded that the standards for reasonableness of cost for per diem are set forth as follows:

a. For Per Diem in the continental U.S. (CONUS), see Federal Travel Regulations, Appendix A to Chapter 301 - Prescribed Maximum Per Diem Rates for CONUS;

b. For Per Diem in Foreign Areas (and outside CONUS), see Maximum Travel Per Diem Rates for Foreign Areas, Section 925, Supplement to the Standardized Regulations.

2. Unless otherwise approved, in writing, by the Grant Officer, the Grantee shall not incur costs under this grant after June 1, 1993. Grant Officer approval shall be given after receipt of an acceptable Pre-Award survey of the Grantee's financial management system.

4. Optional Standard Provisions No. 3, 4, 13, 14, 15, 18, 19, 20, 22, 23, 24 are not applicable and are hereby deleted from this grant.

G. Title to Property

Title to property under this grant shall be vested in the Grantee in accordance with Attachment 3, Optional Standard Provision No. 21. TITLE TO AND USE OF PROPERTY (GRANTEE TITLE).

H. Authorized Geographic Code

The authorized geographic codes for procurement of goods and services under this grant are 000, U.S. and 118, Russia, the cooperating country.

PROGRAM DESCRIPTION

FINANCIAL SERVICES VOLUNTEER CORPS

425 Lexington Avenue, 11th Floor
New York, NY 10017-3909
Phone: 212-455-7700
Telex: 212-983-9847

February 26, 1993

Mr. Sam Skogstad
Director, WISTP/ER
Department of State
(Suite 2638 NS)
Washington, DC 20523

Dear Mr. Skogstad:

The purpose of this letter is to formally modify our request for a \$4 million grant from the Agency for International Development to support the technical assistance programs aimed at banking and financial sector reform in the Russian Federation during 1993 on the part of the Russian-American Bankers Forum ("RABF") and the Financial Services Volunteer Corps ("FSVC"). In that connection, accompanying this letter are:

- A memorandum outlining the scope of the work and estimated budgets for 1993 for the initiatives of the RABF in Russia over the course of the year.
- A brief summary of the main features of the "Academy for Advanced Studies in Banking and Finance."
- The detailed curriculum for the "Academy."

As detailed in the materials referred to above, the initiatives of the RABF in Russia in 1993 will concentrate on two closely related endeavors; first, a continuation of the banking sector infrastructure reform projects initiated in 1992; and second, the establishment of the "Academy for Advanced Studies in Banking and Finance." The estimated "hard-dollar" costs of these projects will aggregate to about \$5.1 million. The proceeds of the requested AID grant will be used to finance \$1 million of the work associated with the continuation of the banking reform projects initiated in 1992 and \$3 million of the costs associated with the "Academy." The balance of the costs will be covered by funds raised by the RABF and the FSVC from private sources here in the United States.

It is important to stress that in 1993--as in 1992--the programs of the RABF and the FSVC rely very heavily on both "hard-dollar" and "soft-dollar" contributions from the private sector which result in a considerable "leveraging" of the public funds expended for these initiatives. For example, we estimate that the AID funds expended in 1992 for the work of the RABF and the FSVC were in the range of \$400,000. By contrast, the costs incurred by the private-sector firms that have supplied the teams of U.S. experts who have performed the "on-the-ground" work in Russia surely aggregate to several million dollars. These costs include travel expenses and imputed salary costs for the time spent by these individuals on the ground in Russia as well as time devoted to the work of the RABF here in the United States. It should also be added that, on many occasions, the Russian Government and/or the Russian Central Bank have covered lodging and related costs for U.S. individuals while on the ground in Moscow. While we cannot estimate the magnitude of these costs, they have not been inconsequential.

Insofar as the RABF programs for 1993 are concerned, the "soft-dollar" pro bono contributions of the private sector will be very considerable indeed. For example, the entire facility of the Academy will be comprised of senior-level practitioners drawn from the Federal Reserve and from private banks, law firms and other institutions. Considering the senior-level positions occupied by these individuals in commercial banks and other institutions and the amount of time that will be devoted to the work of the Academy, the imputed salary and related costs associated with the Academy facility alone are probably in the area of \$1 million.

It should also be stressed that it has been our experience that the symbolism of the joint public-private nature of the work of the RABF has not been lost by our counterparts in Russia. Indeed, even at the most senior levels of the government, it seems clear that one of the reasons why our efforts have been embraced is because of this unique feature of our efforts. Beyond that, there is no question that the private-sector practitioners that have worked so diligently with us have brought to the task the kind of pragmatic, "hands-on" experience that is so vital to success.

We very much appreciate your prompt attention and consideration in this matter.

Sincerely,



Michele S. Godfrey
U.S. Secretariat
Russian-American Bankers Forum

Enclosures

P.S. Mr. Corrigan has sent a similar letter to Dr. Clifton R. Wharton, Jr., Deputy Secretary of State.

**Russian-American Bankers Forum
Projects for 1993**

During 1993, the Russian-American Bankers Forum (RABF)—in cooperation with the Financial Services Volunteer Corps (FSVC) and the Federal Reserve Bank of New York—will concentrate its efforts on a two-part program aimed at further reforms in the banking and financial sector in the Russian Federation. The first major element of the work of the RABF in 1993 will represent a continuation of the projects commenced in 1992, while the second part—which grows out of the first—will focus on the establishment of the "Academy for Advanced Studies in Banking and Finance." The total costs associated with these initiatives for 1993 will include the following elements:

- a) Hard-dollar outlays of about \$1.1 million for the continuation of the banking projects initiated in 1992.
- b) Hard-dollar outlays of about \$4.0 million for the "Academy."
- c) Soft-dollar outlays of at least \$1 million associated with the use of private-sector volunteer experts for both halves of the 1993 program.

It is anticipated that approximately \$1 million of the \$4 million in hard-dollar costs associated with the Academy will be raised from private sources, while the balance of the funds for the Academy and the continuation of the work initiated in 1992 will take the form of a \$4 million grant from A.I.D. Taking account of the very conservative estimate for the soft-dollar support provided by the private sector, the direct government funding of the RABF's initiatives for 1993 will be leveraged by at least 50 cents of private money for each dollar of public money. Given the highly conservative estimate of the "soft-dollar" costs to be absorbed by the private sector, it is virtually certain that the public-private mix of financial support for these initiatives will approach dollar-for-dollar parity.

In the discussions that follow, the central thrust of the RABF programs for 1993 are spelled out in somewhat greater detail. Before turning to that discussion, however, several more general points should be stressed. Among those points are the following:

First, the two main components of the work at the RABF for 1993 are very much complementary. That is, not only are both aimed at the same overall objective, but both have been shaped and tempered by the collective experience of the U.S. experts who have been working with Russian counterparts over much of the past year on ongoing banking reform projects in the Russian Federation. Indeed, the concept, as well as the detailed design, of the Academy is a direct outgrowth of the experience gained "on the ground" in Russia by the RABF and its working groups. In this most fundamental sense, the two main elements of the 1993 program must be reviewed as natural complements to each other.

Second, the initiatives of the RABF—including the Academy—have the direct and active support of the most senior levels of government within the Russian Federation. This high level of support does not guarantee success, but it is invaluable in getting ambitious programs such as the Academy off the ground, and it does help to ensure the necessary ongoing involvement of key program participants on the Russian side.

Third, the RABF programs for 1993 are already positioned such that very short-term progress and results can be achieved in a setting in which progress in banking reform is desperately needed, as are visible and credible signs of effort and commitment on the part of both the public and private sectors in the United States.

Against that general background, the following sections of this memorandum outline the major elements of the RABF program for 1992 and present budget estimates for the work to be undertaken over the course of the year.

Part I: Continuation of the 1992 Banking Reform Initiatives

Beginning in late May 1992, the RABF commenced a series of "demonstration projects" aimed at several critical elements related to the development of banking and financial infrastructure in Russia. These projects, which are described in great detail in other reports which are available, were aimed at "retail" banking services, "wholesale" banking services, and the creation of a government securities market. In the fall of 1992, a proposal for the continuation of this work into 1993 was developed. The proposal outlined in the fall of 1992 has now been refined into a very specific work program for 1993—a process that takes account of progress and problems encountered over the past five months or so. In summary, the program for 1993 now has the following major features:

1. The government securities project has proceeded further and faster than was originally contemplated. Indeed, it is now a virtual certainty that the initial "western style" auction of ruble-denominated treasury bills will take place within a matter of weeks. In view of the very considerable success with the project, the RABF plans for 1993 focus on technical assistance aimed at the gradual enlargement of the auctions, support of operating and payments systems, and the development of a wider base of market participants so as to facilitate the further evolution of a secondary market in these securities. This will entail five week-long visits to Russia by the U.S. team of four experts who have guided this project, and one week-long visit of five Russian experts to the U.S. at an overall cost of about \$150,000 during 1993.

2. For a variety of reasons that are not fully understood by us, the "wholesale" payments project has been stalled since the fall of 1992 after having gotten off to a very fast start. At present, we hope and expect that this project will again move into an active phase of development in the May-June time frame of 1993.

On the assumptions that the wholesale project can be activated in that time frame, it is contemplated that the Russian-American Bankers Forum working group of six experts would initially spend about six weeks in Russia working with their counterparts in the Central Bank and with a cross section of commercial banks. That phase of the work would focus on refinements of the design and architecture which was developed last year. Late in the year, a follow-up visit of three weeks is planned. That phase of the work would focus on implementation, including systems design work. About midway between these visits, it is also be contemplated that five Russian counterparts of the U.S. team would spend about one week in the U.S.

Assuming that the Russian Government or its Central Bank were to pay lodging and related costs for the U.S. visits to Moscow for this project, the 1993 costs for the project would approximate \$200,000.

3. The retail banking project has two dimensions. The first is related to the initial development of a check processing system for the Moscow region. Here, as with the government securities project and the wholesale project, the assistance for 1993 will focus on a series of visits by the U.S. team that will involve ongoing design, oversight and guidance for the Central Bank and a coordinating committee of commercial banks. The cost for this work in 1993 will approximate \$70,000.

The more costly and longer term work on the retail side will center on the continued development of the multifactorial "relationship account" at the Russia Savings Bank and the Moebusinessbank. This work, which has taken on renewed momentum in recent weeks, will entail having three staff members in residence in Moscow for virtually all of 1993 as well as the use of three or more senior U.S. experts at intervals of about eight weeks over the course of 1993. Taking account of travel, lodging, and compensation, the 1993 project costs for the retail initiatives are expected to aggregate to about \$580,000.

For all three projects combined, the estimated costs for 1993, which are summarized in table 1, should be in the range of \$1.1 million.

Part II: The Academy for advanced studies in banking and finance

The Russian-American Bankers Forum is in the final stages of planning for the establishment of the Academy for Advanced Studies in Banking and Finance. The initial objective of the Academy is to bring to the U.S., beginning on June 20, 1993, approximately 250 mid-to-senior officials drawn from commercial banks and other financial institutions throughout the Russian Federation for an eight-week period of intensive and "hands-on" training in all aspects of commercial banking. The estimated cost of the program will be about \$4 million, or about \$16,000 per participant. These "hard-dollar" costs exclude the very substantial "soft-dollar" costs associated, for example, with the utilization of an all volunteer faculty drawn from the Federal Reserve, U.S. commercial banks, law firms and other private U.S. institutions.

As of this date, major progress has been made in the planning and early implementation of the various steps needed to ensure the success of the Academy. For example:

- The complete curriculum for the five week classroom phase of the Academy has been developed.
- Approximately three-quarters of the faculty have been identified and selected. The faculty selection process will be essentially completed by the end of February and the development of teaching materials, including exercises and case studies will begin immediately thereafter.
- The program for the identification and screening of candidates in Russia is well under way and should be formally initiated by early March. An orientation program for all Russian participants is planned for May 3-4 in Moscow.
- Plans are well under way, in cooperation with the American Bankers Association and the Independent Bankers Association of America for the identification of about 100 sponsoring U.S. commercial banks that will serve as the host banks for the three week, on-the-job training phase of the Academy.
- An agreement, in principle, has been reached with Fairfield University under which the five week "classroom" phase of the Academy will take place on that campus, which is about one hour from Wall Street. The university setting will provide excellent housing, classroom, conference center, recreational and food service facilities for all Russian participants and the staff and faculty of the Academy who will be in residence at Fairfield over the five weeks, beginning June 20, 1993.

- The full and active support of the Russian Government has been achieved. Two senior officials, including the Deputy Prime Minister for Economics (and their staffs) are already working closely with the Moscow-based staff of the Russian-American Bankers Forum on candidate selection procedures and other matters. These efforts will be reviewed in-depth at a meeting in Moscow on March 11-12, 1993, at which time a press conference on the Academy is also planned.
- Finally, a complete management structure for the Academy is largely in place. Overall policy-level guidance, as well as policy-level interaction with key individuals in Russia and the U.S., will be provided by E. Gerald Corrigan, President, Federal Reserve Bank of New York and the U.S. Co-Chairman of the Russian-American Bankers Forum. The Academy will have a "blue-ribbon" Board of Overseers that will meet monthly to review program design and implementation. The position of Program Director for the Academy will be filled by Michele S. Godfrey, who is Assistant to the President and Corporate Secretary of the Federal Reserve Bank of New York. Ms. Godfrey has been deeply involved with the design, administrative oversight and coordination of all of the Federal Reserve Bank of New York's and the Russian American Bankers Forum's programs in Russia. For the Financial Services Volunteer Corps, Timothy T. Frost, overall Program Director, will oversee the participation of the FSVC and its collaborative efforts with the Russian-American

Bankers Forum and the Federal Reserve Bank of New York.

Mr. Frost has been a major participant in all of the Financial Services Volunteer programs in Eastern Europe, the Commonwealth of Independent States, and Mongolia. A small, full-time staff to assist Mr. Corrigan, Ms. Godfrey and Mr. Frost are being assembled and will be in place by the end of March.

The program design for the Academy is ambitious and unique, but of even greater importance, it is a large-scale effort of enormous potential that can be implemented in the very near term. It reflects a constructive blend of public and private-sector cooperation on the U.S. side and has the pragmatic "hands-on" orientation that is so crucial to lasting and cumulative benefits to the Russian participants upon their return to their banking institutions in Russia. Finally, the program is directed at what is widely recognized and cited as one of the most pressing problems in Russia, namely the absence of a market-oriented banking system in a context in which the sponsoring U.S. institutions have a unique track record of success in related projects in Russia.

The budget for the Academy is summarized in table II.

To summarize, based on current assumptions and estimates, the anticipated costs of the RABF full agenda of work in Russia will amount to about \$5.1 million with \$1.1 million associated with on-going projects.

February 26, 1993

The Academy for Advanced Studies in Banking and Finance

I. Purposes:

The primary goal of the Academy is to provide an eight-week comprehensive and intensive training program on the practical aspects of banking and finance to about 250 mid-to-senior level officials drawn from commercial banks throughout Russia.

II. Times and Duration:

The work of the Academy would extend for an eight-week period beginning on June 20, 1993.

III. Location:

The work of the Academy would take place on a university campus in suburban New York and in commercial banks throughout the United States.

IV. Format:

The Academy would have two distinct but closely interrelated phases. In the first phase, which would last for five weeks, all program participants would attend lectures and workshops on a wide range of subjects related to the practical aspects of banking and finance. The proposed curriculum for this phase of the Academy is available in Russian. All participants would be in residence at Fairfield University in Fairfield, Connecticut, which is about one hour away from New York City, during this phase of the program.

During the second phase of the program, all participants, in pairs, would be assigned to spend three weeks of "on-the-job" training in commercial banks throughout the United States. This phase of the program is designed to introduce the participants to the practical application of the concepts and approaches discussed in the university or academic phase of the program.

V. Faculty:

All of the faculty members for the university phase of the program will be practitioners drawn from the Federal Reserve, private commercial banks, law firms, and other private enterprises in the United States. The composition of the faculty is intended to emphasize the pragmatic, "hands-on" orientation of the program. Many of the faculty

members are individuals who have had extensive experience in working on technical assistance programs in Russia under the auspices of the Russian-American Bankers Forum. Most importantly, all of the faculty members are practicing experts in the fields in which they will serve as instructors.

VI. Expenses:

All expenses for travel, lodging, meals and related items will be covered by the United States side. Program participants from Russia and other Republics will be expected to pay only their out-of-pocket expenses for incidentals and the travel costs to Moscow and other central locations for departure to New York.

VII. Funding:

The funding for the Academy will come from both private and public sources with the largest single source of funding taking the form of a grant from the U.S. Agency for International Development.

VIII. Selection of Participants:

Detailed procedures for the screening and selection of participants from Russia have been established. The RABF will work with an experienced subcontractor regarding certain logistical arrangements. On-site interviews at several locations in Russia will be conducted by U.S. individuals who have extensive experience working with Russian bankers.

IX. Program Orientation

In the time frame of early to mid-May, all program participants will be assembled in Moscow for a two-day orientation program in preparation for the work of the Academy.

X. Administrative and Logistical Support:

Due to the very complex problems associated with the coordination of this program between the United States and Russia, a small group of officials have been designated by the Russian Government to work with their United States counterparts on the planning and execution of this program. An official at the level of Deputy Prime Minister has been assigned responsibility for the coordination of the program on the Russian side.

February 26, 1993

**THE ACADEMY FOR ADVANCED STUDIES
IN BANKING AND FINANCE**

CURRICULUM DESIGN

The preliminary curriculum for the Academy has been designed with a view toward providing program participants with an intensive and highly pragmatic exposure to all of the major elements associated with the workings of individual banking and central banking institutions in the context of the early-to-mid stages of the evolution to a market-oriented banking and financial system. It has also been designed such that the subsequent field, or on-the-job, training will be a natural complement to the classroom work of the Academy.

In its detail and content, the design of the classroom curriculum has been shaped and tempered by thousands of hours of interaction over the past 18 months between commercial and central bankers from the former Soviet Union and officials from the Federal Reserve, the Financial Services Volunteer Corps, and the two dozen or more representatives of U.S. commercial banks, investment banks, law firms, and nonfinancial corporations who have participated in various programs in Russia and elsewhere in the C.I.S. Finally, the curriculum design has also been influenced by the comments and observations by senior officials of U.S. companies operating in Russia, as well as the insights gleaned from conversations with senior officials of major Russian business enterprises.

Against that background, the purpose of this section of the report is to provide an overview as to (1) the organization of the classroom phase of the Academy, (2) the curriculum design, and (3) the philosophy and selection process for the faculty of the Academy.

(1) Organization of the Classroom Phase of the Academy

The classroom phase of the Academy will extend for the five weeks beginning June 21, 1993, and ending July 23, 1993. As described in greater detail below, for 5 of the 25 business days encompassed by this time interval, broad-gauged presentations will be made to the assembled group as a whole. For the remaining 20 business days, the participants will be broken into 8 groups of about 30 to a maximum of 50 persons for more specialized work and study. Housing will be arranged so that each town house on the Fairfield campus will be occupied by individuals who are members of the same group. And, to the maximum extent possible, smaller study groups for exercises and case studies will be organized such that residents in the same town house will be working on the same problems and exercises.

Faculty members and Academy administrative staff will be assigned as mentors for each group of 30. In addition, there will always be several instructors and administrative personnel from the Academy in

residence at Fairfield to assist program participants as needed.

Weekend and other cultural or recreational activities will be incorporated into the program design at a later date.

(2) Curriculum Design

The overall curriculum design for the classroom phase of the Academy will have three distinct, but closely interrelated, elements. The day-by-day schedule and content of the program as a whole is summarized in Attachment I.

As illustrated in Attachment I, there are three distinct but interrelated elements of the program as a whole. The first element (on days 1, 5, 15, 16, and 25) will center on lectures and presentations to the group as a whole on subjects of broad and general interest. Specifically:

Day 1 will include the necessary overall orientation sessions as well as a major lecture on "The Role of Banking Systems in a Market Economy" to be presented by Mr. Corrigan.

Day 5 will feature two sets of lectures. The first, to be presented by senior officials of the Federal Reserve Bank of New York, will focus on the conduct of monetary policy within the specific context of the transition to a market economy, with particular emphasis on the role

of the commercial banking system in the monetary policy process. The second set of lectures on day 5 will focus on the role and functions of the major multilateral official financial institutions. These presentations will be made by senior officials of the International Monetary Fund, the World Bank, and the European Bank for Reconstruction and Development.

Days 15 and 16 will consist of a series of lectures on the importance of the safety and stability of the banking system and the role and workings of an integrated system of banking supervision and regulation. The lead presentation in this segment will be made by Mr. Corrigan with follow-up and more specific presentations made by officials of the Federal Reserve and by representatives of the Bank for International Settlements' Committee on Banking Supervision.

Day 25 will provide the general wrap-up session for the classroom phase of the program, as well as the orientation for the three-week field work that will follow in commercial banks throughout the U.S.

The second major phase of the classroom component of the program will consist of the "core curriculum." Here, each of the 8 groups of 30 program participants will first be exposed to 3 days of intensive training and exercises in each of the following four areas of study:

- The legal foundations for banking, including such specific areas as banking law and regulation, the role and workings of uniform commercial codes, property and collateral rights and obligations, bankruptcy laws, etc.
- The fundamentals of accounting with emphasis on the derivation and interpretation of key financial statements for commercial banks and the interpretation of cash flow and financial statements for borrowers or potential borrowers.
- The role and functioning of the payments system, including the legal, regulatory, operational, and economic characteristics of all major forms of retail and wholesale payment systems.
- Information and control systems in commercial banks with particular emphasis on (a) expense control systems, (b) sources and uses of funds monitoring and control systems; and (c) monitoring of credit quality for outstanding credits.

Since each of these 4 core courses would have to be given to each of the 8 groups of participants by the end of the third week of the program, each subject will have to be offered 8 times by the close of business on day 14. In order to achieve this, we are planning to have 4 teams of lecturers in each discipline, each of whom would be responsible for 2 of the 3-day sessions in each discipline. This matter is discussed further in

the following section on faculty needs and selection.

Following the program outlined above, by the end of day 16, all program participants will have completed all four of the core courses, as well as the general programs as outlined for days 1, 5, 15 and 16. The remaining eight days of the program (excluding the program wrap-up on Day 25) will be devoted to a series of more specialized courses and electives. In week four (days 17 through 20), each group of 30 participants will take a two-day course in the basics of the lending or credit extension process with virtually all of the emphasis on how to distinguish "good" loans from "bad" loans. In addition, each group will also have a two-day course on deposit-taking and customer services. Among other things, this course will feature the introduction, on a broad scale, of the "relationship account" concept that we have been working with in Russia with a handful of commercial banks.

In the last week of the program, a series of two-day electives will be offered. These electives will include:

- the role of commercial banks in the privatisation process,
- applied automation and technology in banking,
- the role of commercial banks in large scale project finance,
- agricultural lending by commercial banks,
- financing imports and exports by commercial banks, and,
- consumer and small business lending by commercial banks.

In all cases, these electives will rely very heavily on case studies and exercises in which participants will be required to put to use the skills and information developed over the program as a whole.

(3) Faculty Requirements and Selection

It is contemplated that all faculty members used in the Academy program will be practitioners drawn from the Federal Reserve, private commercial banks, law firms and accounting firms. It is also contemplated that at least one-half of the faculty will be individuals who, over the past 18 months, have worked with the Federal Reserve, the Russian-American Bankers Forum and the Financial Services Volunteer Corps "on the ground" in Russia or elsewhere in the C.I.S. and thus have had pragmatic experience in working with bankers and central bankers from these countries.

Finally, it is also contemplated that a "team teaching" concept will be used for most, if not all, of the classroom sessions of the Academy. That is, while an individual lecturer will be assigned to teach each session, that instructor would have one or more "teaching assistants" to assist in working with smaller groups on case studies and exercises and to periodically fill in, as needed, with the main classroom teaching.

As summarized in Table 1 which follows, the curriculum for the classroom phase of the Academy will require a total faculty of 32 teams with each team expected to teach two sessions each of either two or three days in duration. Thus, the maximum number of days any one team would be expected to devote to the actual classroom work would be six. For those instructors wishing to remain in residence at Fairfield, rather than commute, there should be accommodations on the campus to accommodate them.

It is expected that the employers of all faculty members will provide such faculty members with the time needed for preparations and presentations such that little or no hard-dollar costs will be incurred for faculty salaries. However, the Academy should be prepared to absorb any extraordinary travel or lodging costs should circumstances warrant. Also, in the relatively limited number of cases in which former executives are used as faculty members, appropriate per diem payments would have to be covered by the program budget.

Table 1

Summary of Faculty Requirements

Discipline	(1)	(2)	(3)	(4)	(5)
	Number of Sessions	Days Per Session	Total Session Days Per Discipline (1) x (2)	Number of Faculty Teams Per Discipline	Number of Session Days Per Instructional Team (3) + (4)
Legal Framework	8	3	24	4	6
Basics of Accounting	8	3	24	4	6
Payments Systems	8	3	24	4	6
Control and Information System 1	8	3	24	4	6
Basics of Credit	8	2	16	4	4
Deposit-Taking and Customer Services 1	8	2	16	4	4
Banking and Privatization	4	2	8	2	4
Applied Computer Technology	4	2	8	2	4
Project Finance	2	2	4	1	4
Agriculture Lending	2	2	4	1	4
Consumer Lending	2	2	4	1	4
Export-Import Finances	2	2	4	1	4

In a number of areas, such as the core courses in legal framework, payment systems, information and control systems, deposit-taking and customer services, and applied computer technology, excellent candidates for faculty members are readily available from the Federal Reserve and the private sector experts who have worked with us in Moscow and elsewhere. In other areas, such as basic accounting and the various specialized lending courses, we will have to look to the major banks, major accounting firms and other sources for instructors.

Summary

The philosophy behind the Academy is one of pragmatic, "hands-on" training and development for the program participants. The selection of the curriculum as outlined in this section of the report, together with the exclusive reliance on practitioners as faculty members--many, if not most, of whom have worked with us in Russia or elsewhere in the C.I.S.--were framed with exactly that philosophy in mind. It should also be stressed that the curriculum should not, at this time, be viewed as carved in stone. Indeed, as more practitioners become exposed to the proposed program, and as we get input from our colleagues from Russia and elsewhere, some modifications are inevitable. However, the broad organization, philosophy and central thrust of the program is not likely to change materially from what is outlined here.

February 26, 1993

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Attachment I Curriculum for Academy

		Days																			
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15					
I	General Session Orientation & Role of Banking System	Legal Foundations					Fundamentals of Accounting					Role & Functioning of the Payments System					Info & Control Systems in Commercial Banks				
		Fundamentals of Accounting					Role & Functioning of the Payments System					Info & Control Systems in Commercial Banks					Legal Foundations				
II	General Session Orientation & Role of Banking System	Role & Functioning of the Payments System					Info & Control Systems in Commercial Banks					Legal Foundations					Fundamentals of Accounting				
		Info & Control Systems in Commercial Banks					Legal Foundations					Fundamentals of Accounting					Role & Functioning of the Payments System				
III	General Session Orientation & Role of Banking System	Legal Foundations					Fundamentals of Accounting					Role & Functioning of the Payments System					Info & Control Systems in Commercial Banks				
		Fundamentals of Accounting					Role & Functioning of the Payments System					Info & Control Systems in Commercial Banks					Legal Foundations				
IV	General Session Orientation & Role of Banking System	Role & Functioning of the Payments System					Info & Control Systems in Commercial Banks					Legal Foundations					Fundamentals of Accounting				
		Info & Control Systems in Commercial Banks					Legal Foundations					Fundamentals of Accounting					Role & Functioning of the Payments System				
V	General Session Orientation & Role of Banking System	Legal Foundations					Fundamentals of Accounting					Role & Functioning of the Payments System					Info & Control Systems in Commercial Banks				
		Fundamentals of Accounting					Role & Functioning of the Payments System					Info & Control Systems in Commercial Banks					Legal Foundations				
VI	General Session Orientation & Role of Banking System	Role & Functioning of the Payments System					Info & Control Systems in Commercial Banks					Legal Foundations					Fundamentals of Accounting				
		Info & Control Systems in Commercial Banks					Legal Foundations					Fundamentals of Accounting					Role & Functioning of the Payments System				
VII	General Session Orientation & Role of Banking System	Legal Foundations					Fundamentals of Accounting					Role & Functioning of the Payments System					Info & Control Systems in Commercial Banks				
		Fundamentals of Accounting					Role & Functioning of the Payments System					Info & Control Systems in Commercial Banks					Legal Foundations				
VIII	General Session Orientation & Role of Banking System	Info & Control Systems in Commercial Banks					Legal Foundations					Fundamentals of Accounting					Role & Functioning of the Payments System				
		Legal Foundations					Fundamentals of Accounting					Role & Functioning of the Payments System					Info & Control Systems in Commercial Banks				
		General Session A) Monetary Policy B) International Institutions					General Session A) Monetary Policy B) International Institutions					General Session A) Monetary Policy B) International Institutions					General Session A) Monetary Policy B) International Institutions				
		General Session Soundness & Bank Supervision					General Session Soundness & Bank Supervision					General Session Soundness & Bank Supervision					General Session Soundness & Bank Supervision				

29

**Attachment I
(continued)**

30

		Days									
		16	17	18	19	20	21	22	23	24	25
I	Wrap-up			Basis of Credit	Deposit Taking & Customer Services		Privatization Process		Large Scale Project Finance		
II			Deposit Taking & Customer Services		Basis of Credit		Applied Automation and Technology in Banking		Privatization Process		
	General Section Soundness & Bank Supervision			Basis of Credit	Deposit Taking & Customer Services		Large Scale Project Finance		Applied Automation and Technology in Banking		
IV			Deposit Taking & Customer Services		Basis of Credit		Agricultural Lending		Financing Imports & Exports		
	General Section Safety, Soundness & Bank Supervision			Basis of Credit	Deposit Taking & Customer Services		Financing Imports & Exports		Agricultural Lending		
VI			Deposit Taking & Customer Services		Basis of Credit		Consumer Lending		Consumer Lending		
	General Section Wrap-up - Field Trip Orientation			Basis of Credit	Deposit Taking & Customer Services		Privatization Process		Applied Automation and Technology in Banking		
VII			Deposit Taking & Customer Services		Basis of Credit		Applied Automation and Technology in Banking		Privatization Process		

1. Policy
2. Supplementations
3. Bank Privatization

RUSSIAN-AMERICAN BANKERS FORUM

PROPOSAL FOR FINANCIAL SUPPORT

Submitted by: Financial Services Volunteer Corps
Date: October 1, 1992

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- Appendix D -- Members of the U.S. Working Group
- Appendix E -- The Project Report (June 25)
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- Appendix G -- Memoranda of Understanding
- Appendix H -- Draft Budget

I. Introduction

The Russian-American Bankers Forum ("the Forum") was established in May 1992 in response to a request from Russian President Boris N. Yeltsin for technical assistance with respect to the reform of the Russian banking and financial system. The Federal Reserve System, in cooperation with the Financial Services Volunteer Corps ("FSVC"), is co-ordinating this joint public/private-sector initiative designed to provide broad-based technical assistance to the Russian banking and financial system. (American members of the Forum and their affiliations are set forth in Appendix A.)

The major focus of the Forum is on-going policy level direction and support for working groups of U.S. experts who, in collaboration with Russian counterparts, provide direct "hands-on" technical assistance and advice to Russia aimed at the creation of the basic elements of a market-oriented banking and financial system. While the initial thrust of the work of the Forum has been uniquely devoted to banking reform in the Russian Federation, efforts are now underway to extend the approach being followed in Russia to Kazakhstan, and it is expected that similar initiatives will occur in Belarus and possibly other republics.

This proposal, submitted by FSVC, seeks to secure funding for the ongoing and future activities of the Forum. (Further information with respect to FSVC is set forth in Appendix B.)

II. The Origins, Structure and Organization of the Forum

In September 1991, at the request of President Yeltsin, the Federal Reserve Bank of New York began a limited program of technical assistance to Russia. These early initiatives included the organization and development of seminars in Moscow on the basics of commercial banking and on steps needed to create an

environment conducive to foreign direct investment. While those early efforts were directed and organized by the Federal Reserve Bank of New York in close connection with top officials of the Russian government and the Central Bank of Russia, the majority of the U.S. participants were drawn from a broad cross section of U.S. banks, investment banks, law firms and non-financial corporations.

Reflecting in part the success of those early efforts, the most senior officials of the Russian government initiated discussions in late winter with E. Gerald Corrigan, President of the Federal Reserve Bank of New York, as to whether some more permanent organization might be established to facilitate this program of technical assistance. Secretary Brady, Chairman Greenspan and Ambassador Strauss were kept informed of these developments, and the ensuing discussions ultimately led to President Yeltsin's letter to Mr. Corrigan which in turn set in motion the forces that led to the creation of the Forum.

As these discussions proceeded Mr. Corrigan also kept Cyrus R. Vance, a member of the board of directors of the Federal Reserve Bank of New York and a Co-Chairman of FSVC, informed. Mr. Corrigan and Mr. Vance recognized and agreed from the outset that neither the Federal Reserve Bank of New York nor the Federal Reserve System could or should be expected to bear the full financial and human resource burdens that such an undertaking might entail. For that reason, and reflecting the similar work that the FSVC had already undertaken in Central and Eastern Europe, it was agreed that the Federal Reserve System and FSVC would undertake this task jointly.

By early spring the arrangement for the creation of the Forum and its initial focus had been agreed to in principle -- again with the consent of Secretary Brady, Chairman Greenspan and Ambassador Strauss. While it was agreed at that time to delay any formal announcement of the creation of the Forum until the June state

visit of President Yeltsin to the United States (see press release in Appendix C), it was also agreed to commence work on the Forum's first major projects in late May.

The organizational approach contemplated in the design of the Forum was that the Forum itself would serve as an "umbrella" group. Its purpose would be to provide policy-level guidance and support for a series of "working groups" that would furnish intensive and "hands on" assistance and advice on a broad range of banking and financial matters. The Russian and American membership of the Forum reflect this orientation, as well as the desirability of having the Forum bring credibility sufficient to engender broad support for its initiatives both in the U.S. and in Russia.

While the Federal Reserve Bank of New York remains at the center of much of the work of the Forum, the great bulk of the resources that have been committed to its work have come from the private sector. For example, since the first working group was deployed in Moscow in late May, senior officials of U.S. private sector firms have spent approximately 500 working days in Moscow, in addition to the time they have spent working on these projects while in the U.S. Given the executive-level positions occupied by most of these individuals, and the fact that their employers have paid their salary and travel expenses, the effective cost borne to date by the private sector is well in excess of one million dollars. This blend of private and public participation and sponsorship has paid huge dividends, both in terms of the work done, but even more importantly, in the image it has created in Russia.

To date, most of the expenses incurred in the work of the Forum have been covered in three ways:

First, the salaries of virtually all Americans involved with any phase of the work have been paid by their U.S. employers as have been all their travel expenses.

Second, as part of the understanding reached with the Russian government and the Central Bank of Russia, all living and other expenses incurred by Americans in Moscow have been paid by the Russian government.

Third, a small amount of the existing financial resources of FSVC have been expended for its own personnel that have been engaged in this process and for certain miscellaneous travel and other expenses.

While it is only a matter of months since the Forum was formally established, the philosophy that lies behind its structure, its workings and its heavy dependence on the private sector for indirect financial support have worked exceedingly well.

III. Accomplishments to Date

A. Initial Activity. In response to key current deficiencies in the Russian banking and financial system, and recognizing that a vibrant and healthy banking system is critical to any sustained and meaningful transformation of the Russian economic system, the Forum has directed its initial efforts at three critical needs:

- (i) *The Retail Project* -- introducing a set of products and their supporting infrastructure, together with developing non-cash methods for making retail payments. designed to establish confidence in the commercial banking system in order to mobilize the country's savings:

- (ii) *The Interbank Payments Project* -- developing a same-day settlement system to facilitate the development of an interbank market and meet the payment needs of banks' enterprise customers;
- (iii) *The Government Securities Project* -- creating a government securities market to help finance the government deficit, provide a tool for monetary policy, establish an objective benchmark for Russian interest rates, and establish an "anchor" on which other capital markets can develop over time.

In order to address these issues properly and develop solutions capable of implementation, an 18-member working group was assembled to assess the project needs set out above and to prepare a report for consideration by the Forum at its initial meeting in Moscow (June 25-26). The working group was in Russia during the period May 24 through June 26. (The list of working-group participants and the Project Report are attached as Appendices D and E, respectively.)

The Project Report is the product of this working group and its five weeks of intensive on-site research and work with Russian counterparts in Moscow and St. Petersburg. This Report sets forth not only a detailed analysis of the three issues highlighted above but also, and most importantly, provides specific and detailed recommendations with respect to the implementation program necessary to address what are critical impediments to the transformation of the Russian banking and financial system.

At the June 25-26 meeting in Moscow, the Forum reviewed the findings of the working group and considered the recommendations set forth in the Report. Both the Russian and American members of the Forum agreed that the three projects should proceed with the implementation of the recommendations made in the Report. In addition, the Report was strongly endorsed by President Yeltsin.

B. Subsequent Activity. At the June 25-26 meeting of the Forum, it was agreed that both the American and Russian counterparts would need to devote considerable human resources to ensure the successful implementation of the three project schedules. Recognizing both the magnitude of the projects and their importance to reform efforts, it was acknowledged that a permanent on-site American presence in Moscow would be necessary to provide assistance and proper coordination of the on-going active involvement of working group members. It was also recognized that additional resources might be drawn from the Federal Reserve System, U.S. commercial banks, law firms, and other private-sector institutions as needed.

At the Forum meeting, it was further agreed that the working group would return to Moscow for the week of August 9 to begin detailed planning for the implementation program, including the possible placement of American experts on a full-time basis in Moscow by mid-to-late October. In the interim, an intensive process for selecting the resident working group was initiated. As of mid-September, four such individuals, including the senior U.S. coordinator have been hired and comprise the resident working group. Pending permanent assignment in Moscow, the senior American coordinator is actively involved with the work of the Forum and is being paid by FSVC on a per diem basis. The three more junior members of the resident working group are currently enrolled in a month-long intensive language training program, and are also being compensated by FSVC. (The resumes of the four individuals are set forth in Appendix F.)

During the week of August 9, extensive progress was made with respect to the implementation program, including the agreement in principle to memoranda of understanding with each of the Russian counterparts in the respective projects. (These memoranda of understanding are attached as Appendix G.)

As a follow-up to the meetings during the week of August 9, the Government Securities Team returned to Moscow on August 24 to work with the Central Bank of Russia and the exchange selected for secondary-market trading. In addition, the Payments Team and the Retail Team have been actively pursuing their respective projects, and it is anticipated that all three teams will return to Russia within the next month.

C. The September 14-15 Meeting of the Forum. The second formal meeting of the Forum was held at the Federal Reserve Bank of New York on September 14-15. Participants in this meeting included Forum members from both the Russian and American sides, two dozen central bank and commercial bank officials from Russia, nineteen members of the various U.S. working groups (including the resident working group), and high-level delegations from Azerbaijan, Belarus and Kazakhstan.

The principal focus of this meeting was to: (i) review progress and plans for the future with regard to the projects underway in Russia; (ii) agree on general approaches for the extension of this work to Belarus and Kazakhstan; (iii) discuss the foreign direct investment process in each of the Republics; and (iv) begin to discuss, in the most general and preliminary way, the financial and payments relationships between the Republics of the newly-independent states.

IV. Future Initiatives and Resource Requirements of the Forum

A. Future Initiatives. While it is very difficult to pinpoint with any precision the future initiatives of the Forum and its working groups, it would seem virtually certain that in the time frame of the next 6 to 18 months they will fall into three major categories.

First, the continued design, development and implementation of the banking projects in Russia discussed above. While much of the cost of this work will be covered in the fashion followed to date, certain supplemental costs, as described below, will be incurred by FSVC and the Forum.

Second, reflecting discussions between Mr. Corrigan and President Nazarbaev, as well as the participation of top officials from Kazakhstan at the September meeting of the Forum, one or more working groups will visit Alma Ata beginning in late October in order to begin work on projects along the lines of the government securities and wholesale banking projects in Russia. Similar initiatives are expected in Belarus, and it is possible that other Republics may follow.

Third, there are at least three generic areas in which the Forum may commit substantial resources in the period ahead. They include the framework for direct investment where some preliminary work is underway; the privatization program where some very preliminary diagnostic work has been initiated; and finally the whole complex question of approaches to dealing with financial and settlement transactions between the Republics of the newly-independent states. This later project, if it materializes, could be a very substantial undertaking of great importance for the financial, economic and political relationships among the Republics.

While it is not possible to anticipate these future initiatives with any precision, we believe that the likelihood is that the future demands on the Forum for the unique kinds of technical assistance it can provide are likely to be greater rather

than smaller than we now can identify or anticipate. This is especially true because of the apparent keen interest of Kazakhstan and Belarus in this kind of assistance from the Forum.

B. Supplemental Resource Requirements. In looking out over the next 12 to 18 months, the Forum foresees supplemental financial needs of approximately \$4 million. This amount is over and above the financial support that will be provided by US employers in paying the salaries and travel expenses of those working group members not permanently residing in Russia and over and above the cost incurred by Russian institutions for lodging and related expenses for US experts visiting or residing in Russia or in other Republics.

It is anticipated that the principal supplemental financial resource needed by FSVC and the Forum will fall into four major categories as described below and set forth in Appendix H.

First, salary and related costs for five full-time resident working group members in Moscow, including the senior level coordinator of all Russian-based projects. The four more junior level resident workers are expected to spend most of their time assigned to the Mosbusinessbank and the State Savings Bank working on the design and implementation of various retail banking and payment services. It is also expected that all of these individuals will devote some time to initiatives in Kazakhstan and Belarus.

Second, per-diem, travel and out-of-pocket expenses for certain experts, primarily recently retired banking and central banking officials, who are without an organizational affiliation while on temporary assignments to working groups in Russia or the other Republics.

Third, travel and per-diem expenses for US-based training for central bank and commercial bank officials from Russia and the other Republics.

Fourth, infrastructure and office support need for the full-time and working group staffs while in Moscow, in a context in which it is expected that office space itself will be provided by the Russian government or the Central Bank of Russia. The Moscow office will also be used as a base of operations to support activities in the other Republics.

It is the hope of the American Forum members -- consistent with the overall philosophy of the Forum -- that the supplemental financial needs of the Forum and FSVC can be arranged through a blend of government-sponsored and private foundation sources.

V. Summary

The Russian-American Bankers Forum represents the finest example of a public/private partnership providing critically needed technical assistance to aid in the reform of the Russian banking and financial system. FSVC, with the financial support of the U.S. Government and private foundations, and through the Federal Reserve System, is able to mobilize and channel the highest caliber assistance available within the American financial community. That such assistance is

voluntary allows for a significant leveraging of financial resources. At the same time, it should be recognized that this assistance is at least as direct and responsive as any other available at any cost.

The collaborative environment in which FSVC, the Federal Reserve System and Russian officials work is expected to facilitate the reform effort, and may serve as a model for future cooperation in banking, finance and other sectors where technical assistance and policy-making guidance are critically and urgently needed.

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October 1 , 1992

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APPENDIX 4C

MANDATORY STANDARD PROVISIONS FOR U.S., NONGOVERNMENTAL GRANTEES¹

INDEX OF MANDATORY STANDARD PROVISIONS

- 1. Allowable Costs
- 2. Accounting, Audit, and Records
- 3. Refunds
- 4. Revision of Grant Budget
- 5. Termination and Suspension
- 6. Disputes
- 7. Ineligible Countries
- 8. Debarment, Suspension, and other Responsibility Matters
- 9. Nondiscrimination
- 10. U.S. Officials Not to Benefit
- 11. Nonliability
- 12. Amendment
- 13. Notices
- 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.

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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.

*

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.

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(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.

*		<u>Page No.</u>	
1.	OMB Approval Under the Paperwork Reduction Act	4C-10	✓
2.	Payment - Letter of Credit	4C-11	✓
3.	Payment - Periodic Advance	4C-13	_____
4.	Payment - Cost Reimbursement	4C-15	_____
5.	Air Travel and Transportation	4C-16	✓
6.	Ocean Shipment of Goods	4C-20	✓
7.	Procurement of Goods and Services	4C-21	✓
8.	AID Eligibility Rules for Goods and Services	4C-27	✓
9.	Subagreements	4C-31	✓
10.	Local Cost Financing	4C-33	✓
11.	Patent Rights	4C-35	✓
12.	Publications	4C-41	✓
13.	Negotiated Indirect Cost Rates - Predetermined	4C-43	_____
14.	Negotiated Indirect Cost Rates - Provisional (Nonprofits)	4C-44	_____
15.	Negotiated Indirect Cost Rates - Provisional (For-profits)	4C-46	_____
16.	Regulations Governing Employees	4C-47	✓
17.	Participant Training	4C-48	✓
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	_____
24.	Cost Sharing (Matching)	4C-71	_____
25.	Use of Pouch Facilities	4C-75	✓
26.	Conversion of United States Dollars to Local Currency	4C-77	✓
27.	Public Notice	4C-78	✓
28.	Rights in Data	4C-79	✓

(INCLUDE THIS PAGE IN THE GRANT)

* REVISED

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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)

* 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).

(1) International Travel

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

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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 \$5,000 shall be subject to prior approval by an appropriate official within the grantee's organization.

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

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

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

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

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

(END OF STANDARD PROVISION)

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* 10. LOCAL COST FINANCING (AUGUST 1992)

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) 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 local 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, 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-19, 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.

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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.

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(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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18. VOLUNTARY POPULATION PLANNING (AUGUST 1986)

(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.

(d) Ineligibility of Foreign Nongovernmental Organizations That Perform or Actively Promote Abortion As A Method of Family Planning:

(1) The grantee agrees that it will not furnish assistance for family planning under this grant to any foreign nongovernmental organization which performs or actively promotes abortion as a method of family planning in AID-recipient countries or which provides financial support to any other foreign nongovernmental organization that conducts such activities. For purposes of this paragraph d., a foreign nongovernmental organization is a nongovernmental organization which is not organized under the laws of any State of the United States, the District of Columbia or the Commonwealth of Puerto Rico.

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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 20762.

(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:

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

(ii) 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:

(i) 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:

(1) 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:

(i) 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:

- (1) 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:

(1) 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.

(11) 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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* 27. 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) *

* NEW MATERIAL

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* 28. PROVISION ON RIGHTS IN DATA (AUGUST 1992)

(a) Definitions

"Data" means recorded information (including information relating to the research, testing, or development of any drug or device requiring approval for use in the United States); regardless of form or the media on which it may be recorded. In the aggregate these data may be in the form of reports, articles, manuals, or publications. The term includes technical data and computer software. The term does not include financial reports or other information incidental to grant administration.

"Form, fit and function data" means data relating to items, components, or processes that are sufficient to enable physical and functional interchangeability, as well as data identifying source, size, configuration, mating, and attachment characteristics, functional characteristics, and performance requirements but specifically excludes the source code, algorithm, process, formulae, and flow charts of the software.

"Limited rights" means the rights of the Government in limited rights data as set forth in the following Limited Rights Notice:

-- "These data are submitted with limited rights. These data may be reproduced and used by the Government with the limitation that they will not, without written permission of the Grantee, be used for purposes of manufacture nor disclosed outside the Government.

-- "This Notice shall be marked on any reproduction of these data, in whole or in part."

"Limited rights data" means data (other than computer software) that embody trade secrets, or are commercial or financial and confidential or privileged, to the extent that such data pertain to items, components, or processes developed at private expense, including minor modifications thereof.

"Restricted computer software" means computer software developed at private expense and that is a trade secret; is commercial or financial and is confidential or privileged; or is published copyrighted computer software, including minor modifications of such computer software.

"Technical data" means data (other than computer software) which are of a scientific or technical nature.

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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)

*

* NEW MATERIAL

PROJECT IMPLEMENTATION ORDER/TECHNICAL SERVICES (PIO/T) *

1. Cooperating Country NIS	2. PIO/T No. 110-0009-3-366-2404	3. PIO/T Amend No. 1
4. Project/Activity No. and Title 110-0009 Economic Restructuring (Financial Services Volunteer Corps)	5. Appropriation Symbol(s) 72-112/31037	
	6. Budget Plan Code(s) WES2-93-36110-KG-12 (270-68-110-00-69-31)	
7. Pro Ag No. or Project Authorization Date June 1, 1992	8. Obligation Status <input checked="" type="checkbox"/> Administrative Reservation <input type="checkbox"/> Implementing Document	
9. Project Assistance Completion Date (Month, Day, Year) June 3, 1996	10. Authorized Agent FA/OP/CC/NIS	
11. Type of Action and Governing A.I.D. Handbook A. A.I.D. Contract (HB14) C. PASA/RSSA (HB 12) B. A.I.D. Grant or Cooperative Agreement (HB 13) D. Other	12. Contract/Grant/Cooperative Agreement/ 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	(4) Total to Date
A. Dollars	4,000,000	0	0	4,000,000
B. U.S.-Owned Local Currency				

14. Mission References N/A

15. Instructions to Authorized Agent This amendment number 1 modifies the Program Description of the original request for negotiation of a grant to the Financial Services Volunteer Corps. Events which have transpired since the submission of the original unsolicited proposal have resulted in a decision to add a fourth activity to the program, and to modify the content of the three original activities, both substantively and in terms of the funding to be devoted to them. These changes are described in the attached documents prepared by the Financial Services Volunteer Corps, which are consistent with the decision to effect the amendment of the original grant proposal.

16. Address of Voucher Paying Office FA/FM/CMP/LOC, Room 700, SA-2, Washington, D.C. 20523-0209

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 NIS/TF/ER, Samuel L. Skogstad *Samuel L. Skogstad* Date: 3/1/93 Phone No: (202) 647-4730

B. The statement of work or program description lies within the purview of the initiating office and approved agency programs.

Signature: NIS/TF/PAC, C. Pascual *C. Pascual* Date: 3/1/93 C. NIS/TF/PAC, S. Hudac Date: 3/1/93

D. Funds for the services requested are available For Information Only

Signature: FP/PMP, R. Anderson Date: E. Signature: NIS/TF/OD, Jack Winn Date: 3/1/93

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: *Malcolm Butler* Malcolm Butler Title: Director, NIS/TF Date:

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 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.