



U.S. AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT

SEP 18 1995

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Blacksburg, VA 24061-0249

Subject: Award No. AOT-0478-G-00-5155-00

Dr. Gebrekidan:

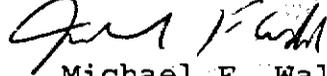
Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the U.S. Agency for International Development (hereinafter referred to as "USAID" or "Grantor") hereby grants to the VA Polytechnic Institute University (herein after referred to as VA Tech or "Recipient"), the sum of \$1,600,000.00 to provide support for a program in NRM InterCRSP in West Africa, as described in the Schedule of this award and the Attachment 2, entitled "Program Description."

This award is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Recipient in furtherance of program objectives during the period beginning with the effective date and ending 09/30/98. USAID shall not be liable for reimbursing the Recipient for any costs in excess of the obligated amount.

This award is made to VA Tech, on condition that the funds will be administered in accordance with the terms and conditions as set forth in 22 CFR 226, entitled "Administration of Assistance Awards to U.S. Non-Governmental Organizations"; Attachment 1, entitled "Schedule"; Attachment 2, entitled "Program Description"; and Attachment 3 entitled "Standard Provisions."

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

Sincerely,



Michael F. Walsh  
Grant Officer  
M/OP/A/AOT

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions
4. Standards for USAID Funded Communications Projects

ACKNOWLEDGED: VA Polytechnic Institute University

BY:



H. T. Hurd, Director

Title: ~~Office of Sponsored Programs~~

Date:

9/20/95

ACCOUNTING AND APPROPRIATION DATA

A. GENERAL

1. Total Estimated Amount: \$1,600,000.00
2. Total Program Amount: \$1,600,000.00
3. Total Obligated Amount: \$300,000.00
4. Cost-Sharing Percentage  
(Non-Federal): %
5. Project No.: 698-0478
6. USAID Project Office: AFR/SD/PSGE Phil Jones  
USAID NS Rm 2744  
Washington DC, 20523
7. Tax I.D. Number: 54-6001805
8. CEC No.: 003-137015
9. LOC Number: 72-00-1772

B. SPECIFIC

1. PIO/T Number: 698-0478-3-5613227
2. Appropriation: 725/61014
3. Allotment: 581-61-698-00-69-51
4. BPC: GSS5-95-31698-KG12
5. PIO/T Obl. Amount: \$300,000.00

TABLE OF CONTENTS

PAGE

ACCOUNTING AND APPROPRIATION DATA

ATTACHMENT 1 . . . . . 4

SCHEDULE . . . . . 4

1.1 PURPOSE OF AGREEMENT . . . . . 4

1.2 PERIOD OF AGREEMENT . . . . . 4

1.3 AMOUNT OF AWARD AND PAYMENT . . . . . 4

1.4 BUDGET . . . . . 4

1.5 Budget Table . . . . . 4

1.6 REPORTING AND EVALUATION . . . . . 5

1.6.1 Financial Reporting . . . . . 5

1.6.2 Monitoring and reporting program performance . . . . . 5

1.7 TITLE TO AND CARE OF PROPERTY . . . . . 5

1.8 AUTHORIZED GEOGRAPHIC CODE . . . . . 5

1.9 INDIRECT COSTS . . . . . 5

1.10 RESOLUTION OF CONFLICTS . . . . . 6

1.11 COMMUNICATIONS PRODUCTS (OCT 1994) . . . . . 6

1.12 PAYMENT OFFICE . . . . . 7

ATTACHMENT 2 . . . . . 8

PROGRAM DESCRIPTION . . . . . 8

ATTACHMENT 3 . . . . . 9

STANDARD PROVISIONS . . . . . 9

3.1 INELIGIBLE COUNTRIES (MAY 1986) . . . . . 9

3.2 NONDISCRIMINATION (MAY 1986) . . . . . 9

3.3 U.S. OFFICIALS NOT TO BENEFIT (NOV 1985) . . . . . 9

3.4 INVESTMENT PROMOTION (JAN 1994) . . . . . 9

3.5 NONLIABILITY (NOV 1985) . . . . . 10

3.6 AMENDMENT (NOV 1985) . . . . . 10

3.7 NOTICES (NOV 1985) . . . . . 10

3.8 OMB APPROVAL UNDER THE PAPERWORK REDUCTION ACT  
(AUG 1992) . . . . . 10

3.9 AIR TRAVEL AND TRANSPORTATION (AUG 1992) . . . . . 11

3.10 AID ELIGIBILITY RULES FOR GOODS AND SERVICES (AUG 1992) . . . . . 15

3.11 SUBAGREEMENTS (FEB 1995) . . . . . 18

3.12 PUBLICATIONS (AUG 1992) . . . . . 19

3.13 NEGOTIATED INDIRECT COST RATES - PREDETERMINED . . . . . 20  
(AUG 1992)

3.14 PARTICIPANT TRAINING (AUG 1992) . . . . . 21

3.15 USE OF POUCH FACILITIES (AUG 1992) . . . . . 22

3.16 CONVERSION OF UNITED STATES DOLLARS TO LOCAL CURRENCY  
(NOV 1985) . . . . . 23

3.17 PUBLIC NOTICES (AUG 1992) . . . . . 23

3.18 RIGHTS IN DATA (AUG 1992) . . . . . 24

4

TABLE OF CONTENTS

PAGE

ATTACHMENT 4 . . . . .	28
STANDARDS FOR USAID-FUNDED PUBLICATIONS . . . . .	28
STANDARDS FOR USAID-FUNDED VIDEO PRODUCTIONS . . . . .	30

**ATTACHMENT 1**

**SCHEDULE**

**1.1 PURPOSE OF AGREEMENT**

The purpose of this Agreement is to provide support for the program described in Attachment 2 of this Agreement entitled "Program Description."

**1.2 PERIOD OF AGREEMENT**

The effective date of this Agreement is the date of the Cover Letter and the estimated completion date is 09/30/98.

Funds obligated hereunder are available for program expenditures for the estimated period beginning the effective date of this Agreement through 09/30/96.

**1.3 AMOUNT OF AWARD AND PAYMENT**

1. The total estimated amount of this Award is \$1,600,000.00.
2. USAID hereby obligates the amount of \$300,000.00 for program expenditures during the period set forth in 1.2 above and as shown in the Budget below.
3. Payment shall be made to the Recipient by Payment - Letter of Credit in accordance with procedures set forth in 22 CFR 226.22.
4. Additional funds up to the total estimated amount may be obligated by USAID subject to the availability of funds, and 22 CFR 226.25.

**1.4 BUDGET**

The following is the Agreement Budget, including local cost financing items, if authorized. Revisions to this budget shall be made in accordance with 22 CFR 226.25.

**1.5 Budget Table**

COST ELEMENT	YEAR 1	Year 2	Year 3
1. Salaries w/Benefits	\$ 36,950	\$ 45,470	\$ 48,991
2. Travel/Per Diem	21,558	28,042	28,972
3. Other Direct Costs	4,467	8,000	10,200
4. SubGrants	184,398	595,909	487,416
5. Indirect Costs	52,627	22,579	24,421
<b>YEARLY TOTALS</b>	<b>\$300,000</b>	<b>\$700,000</b>	<b>\$600,000</b>

**1.6 REPORTING AND EVALUATION****1.6.1 Financial Reporting**

In keeping with the requirements established in 22 CFR 226.52, the Recipient is required to:

- (a) Prepare a "Financial Status Report", SF 269a, on an accrual basis and submitted quarterly in an original and two copies to USAID/M/FM/CMP.

**1.6.2 Monitoring and reporting program performance**

- (a) Requirements. The Recipient shall submit an original and one copy of a brief quarterly program report to the address listed in the Cover Letter. In addition, one copy shall be submitted to USAID/CDIE/DI, Washington, DC 20523-1802. A final performance report is also required.
- (b) Contents. The Program report shall briefly present the information contained in 22 CFR 226.51(d).

**1.7 TITLE TO AND CARE OF PROPERTY**

Title to all property financed under this award shall vest in the Recipient subject to the requirements of 22 CFR 226.30 through 37.

**1.8 AUTHORIZED GEOGRAPHIC CODE**

The authorized geographic code for procurement of goods and services under this award is 935.

**1.9 INDIRECT COSTS**

Pursuant to the Standard Provisions of this Award entitled "Negotiated Indirect Cost Rates - Predetermined" and "Negotiated Indirect Cost Rates - Provisional (Nonprofits)," a predetermined indirect cost rate or rates shall be established for each of the Recipient's accounting periods which apply to this Award. Payments on account of allowable costs shall be made on the basis of such predetermined rates. The rate(s) for the initial period and the base(s) to which it is (they are) applied is (are) as follows:

Fringe Benefits are variable Fixed rates applicable to all locations: 23% for Faculty, 32% for Classified, and 7% for Part-Time based upon salaries.

**1.9 (Continued)**

Type	Rate	Base	Period
Off Site	27.7%	1/	thru 06/30/96

1/ Base of Application: Total Direct Costs up to the first \$25,000 of subgrants less equipment and capital expenditures

Rates for subsequent periods shall be established in accordance with the Standard Provision entitled "Negotiated Indirect Cost Rates - Predetermined."

**1.10 RESOLUTION OF CONFLICTS**

Conflicts between any of the Attachments of this Agreement shall be resolved by applying the following descending order of precedence:

- Attachment 1 - Schedule
- 22 CFR 226
- Attachment 3 - Standard Provisions
- Attachment 2 - Program Description

**1.11 COMMUNICATIONS PRODUCTS (OCT 1994)**

- (a) Definition - Communications products are any printed materials (other than non-color photocopy material), photographic services or video production services.
- (b) Standards - USAID has established standards for communications products. These standards must be followed unless otherwise specifically provided in the agreement or approved in writing by the agreement officer. A copy of the standards for USAID financed publications and video productions is attached.
- (c) Communications products which meet any of the following criteria are not eligible for USAID financing under this agreement unless specifically authorized in the agreement schedule or in writing by the agreement officer:
  - (1) Any communication product costing over \$25,000, including the costs of both preparation and execution. For example, in the case of a publication, the costs will include research, writing and other editorial services (including any associated overhead), design, layout and production costs.

**1.11 (Continued)**

- (2) Any communication products that will be sent directly to, or likely to be seen by, a Member of Congress or Congressional staffer; and
- (3) Any publication that will have more than 50 percent of its copies distributed in the United States (excluding copies provided to CDIE and other USAID/W offices for internal use.

**1.12 PAYMENT OFFICE**

FM/PRM/RM/CMP  
SA-2 Room 700  
Washington, DC 20523

**ATTACHMENT 2****PROGRAM DESCRIPTION**

The Recipient's proposal entitled "NRM InterCRSP in West Africa" and dated is attached hereto as the Program Description (Attachment 2) and is made a part of this Award.

**Project Proposal  
for  
NRM InterCRSP in West Africa**

**Submitted by:**

**IPM CRSP / OIRD, Virginia Tech**

**Participating CRSPs:**

**Bean/Cowpea**

**IPM**

**INTSORMIL**

**Peanut**

**SANREM**

**Soil Management**

**April 28, 1995**

## **Project Proposal for NRM InterCRSP in West Africa**

### **1. Purpose and Goal**

The purpose of this interCRSPing proposal is to mobilize the expertise available and build on current knowledge and technology, existing capacity and mandates of six CRSPs working in West Africa to focus on and improve the natural resource management of the region through collaborative research, training, and technology transfer, and networking in regionally important thematic areas. The goal is to reduce natural resource degradation, improve soil, water, nutrient, crop and forest, resources, reduce crop losses due to pests, and increase farm income to improve the quality of life for all the people of the region.

### **2. The Host Countries**

Six countries which are proposed for this interCRSPing proposal are Burkina Faso, Cameroon, Ghana, Mali, Niger, and Senegal. Two or more CRSPs participating in this initiative have on-going collaborative activities in each of these countries.

### **3. The CRSPs**

The six CRSPs that have expressed interest in participating in this initiative are Bean/Cowpea, IPM, INTSORMIL, Peanut, SANREM, and Soil Management. The IPM CRSP will be the lead CRSP.

### **4. Introduction and Background**

An underlying notion of this activity is that sustainable growth in African agriculture will depend on increased productivity. Sustained increases in agricultural productivity may be achieved by greater utilization of profitable and sustainable technologies, more efficient marketing of agricultural commodities, and better management of natural resources and the environment.

The NRM InterCRSP will generate technological progress that improves the environmental and economic welfare of the next generation of West Africans. And, it will support institutional innovation that increases African ownership, authority and responsibility in establishing and maintaining a sustainable regional institutional framework for NRM technology development and transfer.

This activity builds on existing capacity and mandates of Collaborative Research Support Programs (CRSPs) and national agricultural research systems (NARS). It will establish a mechanism for joint programming and strategic planning among the CRSPs, African leaders, and Field Missions for the NRM InterCRSP in West Africa. For many years the CRSPs have been involved in technology development. This activity will build on the CRSP strengths by (a) integrating the efforts of the CRSPs around a coherent strategy and results framework for supporting natural resource management, (b) improving the availability of technology among national research systems, beyond those that currently serve as focus countries for CRSP activities, (c) increasing access to the innovations by technology users, and (d) using the InterCRSP mechanism and capacity at the respective Universities and other institutions to generate institutional innovations pertinent to African TDT systems to strengthen institutions.

Natural resources management is viewed as a process by which people (men and women) are able to satisfy their contemporary needs and just aspirations (food and livelihood) without significantly foreclosing the options for the use of these same resources by future generations.

A key concern of this activity is to bridge the widening gap between agriculture and natural resource management. The activity will build on those agricultural traditions concerned with increasing productivity in environmentally friendly and sustainable manners in West Africa. The key determinant of how man interacts with the environment in Africa is the land-use management decisions made by farmers, herders, woodcutters, etc... in pursuit of more secure and prosperous livelihoods. Affecting production and degradation means affecting these land-use management decisions. The fundamental concept is that unless environmental sustainability becomes a joint undertaking of all concerned, agricultural productivity will not be sustainable. Building on complementarities between NRM and agricultural research, NRM will play three roles: ensuring that development and transfer of sustainable techniques is based on sound NRM principles; incorporating considerations pertinent to alleviating environmental constraints to productivity growth; and providing guidance on setting research priorities.

#### **4.1 Regional Background**

In the six countries considered in this proposal, the most important cereals are sorghum and millet, while cowpeas and peanuts are the leading legumes. Yields of all these crops in the region are among the lowest in the world because of a number of biotic and abiotic stresses. The increasing demographic pressure also aggravates the low productivity of these crops in the region.

The stagnant or even negative growth in crop production in the region is a function of both a deteriorating soil and water resources situation and the limited use of appropriate and improved production packages by farmers. Regardless of the poor productivity of the crops, the vast majority of the people of the region depend on these crops for their livelihood. The proper management of the natural resources of the region is essential to stabilize or improve the productivity of the crops.

#### **4.2 Collaboration Background**

The six CRSPs have worked and continue to work actively on a wide range of issues related to the sustainability of food production systems and natural resource management in the region with an emphasis on enhancing the quality of life for small scale farmers and their families. In their efforts to collaboratively tackle this broad issue, the six CRSPs have mobilized the technical and institutional expertise available from a large pool of land-grant US universities.

The application of science and technology is essential to mitigate the deteriorating per capita food production realities of the region and improve the natural resource base in a sustainable manner. While there are various technical and economic constraints involved, the six CRSPs collectively are by far the best equipped and experienced consortium to strengthen natural resource management in the region through collaborative research with national and regional African scientists.

Through the involvement of the CRSPs in the region, some of them for over 15 years, both the US universities and the collaborating host countries have accumulated valuable collaborative experiences. The CRSPs are committed to strengthening and promoting interCRSP collaborations. They will continue to cooperate with each other and complement the activities of each other in areas of mutual interest.

#### **4.3 Host Country Institutions**

All four countries have national agricultural research institutions which are well established and staffed. They have all worked with the CRSPs and are familiar with the collaborative mode of operation of the CRSPs.

In Burkina Faso, the national responsibility for all agricultural research is given to INERA (Institut

d'Etudes et de Recherches Agricoles). While in Mali, the Institut d'Economie Rurale (IER), under the Ministry of Agriculture, Livestock, and Environment, has the national responsibility for agricultural research. In Niger, the national responsibility for agricultural research is in the hands of INRAN (Institut National de Recherches Agronomiques du Niger). The Institut Senegalese de Recherches Agricoles (ISRA) has the national mandate for all agricultural research in Senegal. The Ministry of Environment and Protection of Nature (MEPN) in Senegal has the responsibility of NRM. The Institut de Recherches Agronomiques (IRA) is nationally responsible for agricultural research in Cameroon, while in Ghana the Crops Research Institute (CRI), at Kumasi and Tamale, and the University of Ghana, at Legon, (USL) share national responsibility for agricultural research in the country.

Agricultural research in each of the countries is structured along agro-ecological zoning with regional research centers and institutes having the responsibility for the zone they are located in. For example, agricultural research work within IER is structured along agro-ecological zoning with regional research centers having the responsibility for the zone in which they are located. The three main zones are Southern (high rainfall), Center (intermediate rainfall), and North (low rainfall).

In INRAN, the three main regional research centers, Niamey, Maradi, and Kollo, have a number of research stations and substations reporting to each one of them. Natural resource management is certainly a major focus of the regional research centers.

## **5. Objectives and Conditions**

The overall objectives of this activity are:

- 5.1 *Strengthen the institutional and human capacity to develop and transfer NRM technology and information.***
- 5.2 *Increase the availability of and access to profitable and sustainable Natural Resource Management technology in West Africa.***

The activity will directly contribute to increased productivity and sustained use of resources for food production and marketing systems important to development objectives in West Africa.

To meet the above objectives, the activity will address the following conditions,

- \* Strengthen the regional African capacity to support and coordinate NRM technology development and transfer.
- \* Conserve, improve and utilize judiciously the soil, water, natural vegetation, and genetic resources of West Africa.
- \* Improve the important crops and cropping systems of the region for sustainable food production and NRM.
- \* Engage in socio-economic and policy intervention research and promote agribusiness related to the activities of the CRSPs.
- \* Develop national and regional strategies to integrate agriculture and natural resource management technology development and transfer efforts.
- \* Increase the exchange and transfer of known, high potential, technologies among national systems, CRSPs and other agencies promoting the use of innovations, such as NGOs.

- \* Assist African research systems to develop techniques to raise productivity of agricultural and natural resources of on and off farm enterprises.
- \* Strengthen the regional human capital base for NRM technology development and transfer (TDT).
- \* Establish and use performance-based financing mechanisms for NRM TDT activities, funding at a high level those which perform well.
- \* Strengthen the linkages between West African national scientists and the international scientific community.
- \* Increase the exchange of information among scientists and with other development agents involved in NRM TDT.

## **6. Natural Resources Management InterCRSP**

An InterCRSP is understood here to be an agreement among the CRSPs that provides access to the collective strengths of the CRSPs and member Universities through a single administrative entity. The NRM InterCRSP program will support natural resource management technology development and transfer in West Africa. The NRM InterCRSP provides a mechanism to coordinate A.I.D. supported relationships with National Agricultural Research Systems (NARSS) and CRSPs working on natural resource management issues in West Africa. It will also facilitate coordination among CRSPs and International Agricultural Research Centers (IARCs).

The rationale for the InterCRSP is that natural resource management constraints cut across individual commodities. Bringing the joint skills and capacity of the CRSPs to bear on natural resources management will help create a critical mass from among existing but separate groups, and improve efficiency. It will also contribute to a more rapid integration of NRM findings and lessons into commodity programs. The InterCRSP agreement will enable Field Missions, NARSS and AFR to coordinate NRM related activities implemented by CRSPs through a single management entity.

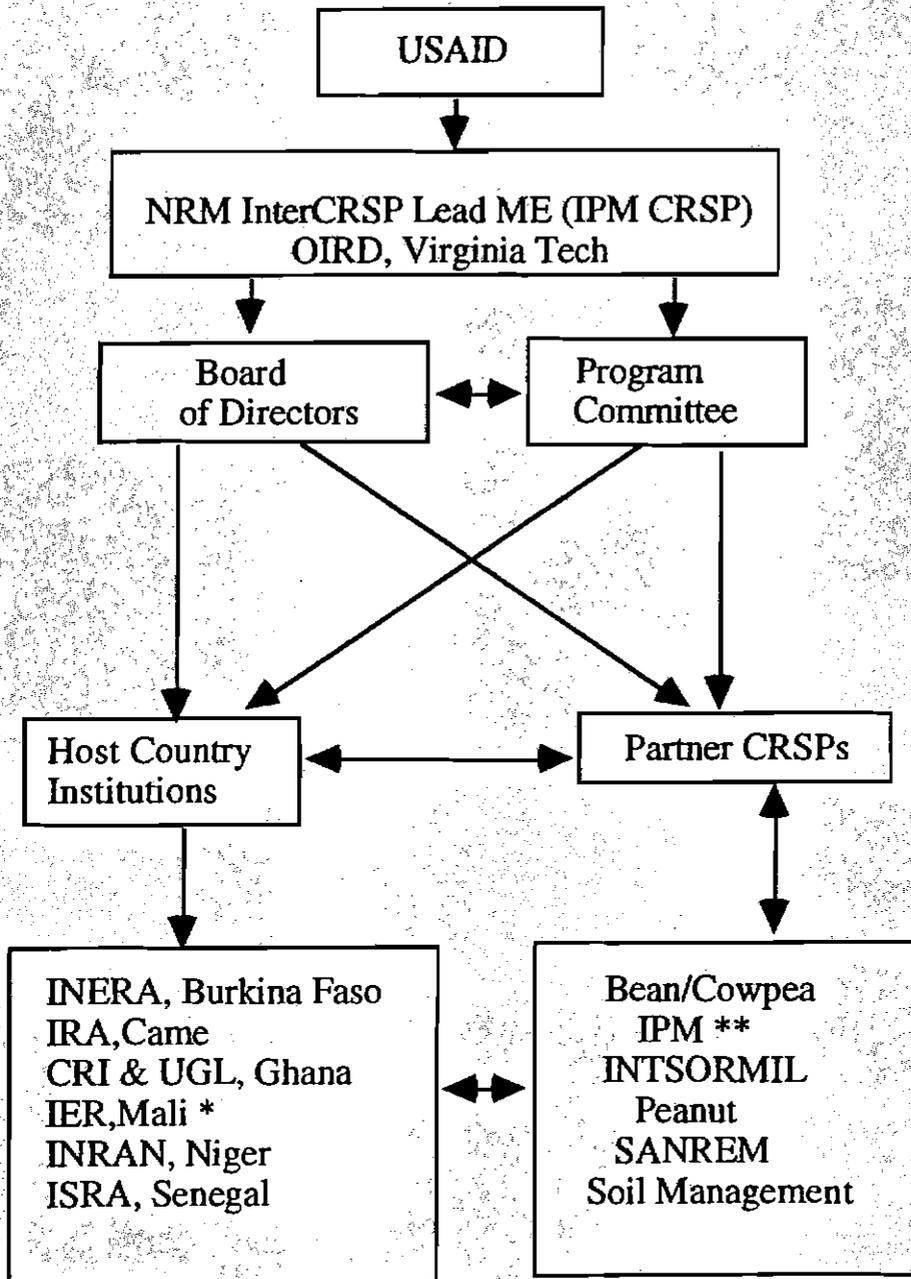
## **7. USAID Mission Strategic Plans**

The overall strategic plan statements of the USAID missions in the region emphasize higher potential zones, that is areas with better soil and water resources. For example, in Mali the strategic objective of the USAID mission is focusing on "increasing incomes in areas of high productive potential". In Senegal, the emphasis is also on increased "Crop Productivity in Zones of Reliable Rainfall", which means the southern half of the country. In Niger, the USAID's strategic planning is directed to effective management of the natural resources base, to reducing population growth, and to improved protection from natural disasters. The USAID strategic statements project to build on past successes and emphasize areas where the probability for the future success is high as indicated in their special attention to areas of high productive potential.

With this background of the mission strategy statements, this interCRSPing activity will have to give priority to the areas identified by the missions and the NARSS.

## **8. Process and Operational Structure**

The basic process and operational framework for developing and reviewing the workplan, implementing it, and allocating resources will follow the CRSP structure with the necessary modification to fit this interCRSP proposal. The organizational chart given on the next page shows the linkages of the various participants.



\* Coordinating Site

\*\* Lead CRSP

The overall workplan will be collaboratively developed by the partner CRSPs and the collaborating host country institutions. The Program Committee, with the leadership of the IPM CRSP, will assume the major responsibility of preparing the workplan. The PC will be composed of the partner CRSPs and the host country institutions with each designating one member. The Board of Directors, composed of the participating CRSP Directors and the host country institution directors, will serve as a policy advisory body and approve the workplan and oversee its implementation. Resource allocation will be done by the PC with the final approval of the allocations to be done by the BOD.

Coordination offices of the interCRSP initiative will be opened both in the US and in West Africa. The US office will be at OIRD, Virginia Tech, the lead institution for the IPM CRSP, and the West Africa office is suggested to be at the IER in Mali. A coordinator will be assigned or designated at each office.

## **9. Strengthening African Institutional and Human Capacity**

Strengthening institutional and human capacity will be a major focus of the InterCRSP. In this regard, the InterCRSP will have three foci (a) establish a regional African consortia, (b) strengthen existing national and regional capacity, and (c) consolidate and coordinate NRM related CRSP activities.

### **9.1 Develop a Joint Strategy**

Defining the issues and techniques that will be given priority attention will be completed through complementary actions, including

- i. Joint strategic planning with Field Missions and national leaders to ensure the themes, activities and technologies given priority attention will be consistent with National and Field Mission strategic development objectives;
- ii. An inventory and technical validation of known techniques, to identify investment grade technologies for promotion;
- iii. An inventory of technical capacity to implement NRM TDT;
- iv. Socio-economic analyses to ensure the demand for the techniques exist and conditions to promote and facilitate their use are in place;
- v. The preparation of a strategic plan that includes a prioritized set actions/activities, based on the above, that guide resource allocation and InterCRSP interventions.
- vi. Preparation of a results framework (which replaces the logical framework in the planning and monitoring documentation).

The above actions will lead to the design of a consolidated strategy and work plan for the CRSPs, NARs and NGOs to support NRM *technology development and transfer* in West Africa.

### **9.2 Establish Regional Executing Agent**

The InterCRSP will establish a mechanism, e.g., consortium, for West African researchers to collaboratively implement natural resource management technology development and transfer. The regional African consortia will consist of existing nationally based agents and will not lead to the creation of a new regional center. The CRSPs will individually and jointly strengthen the capacity of their counterpart national and regional agents, not compete with or replace them.

Specifically, the InterCRSP will assist the African regional consortia to:

- \* develop a sustainable financing plan;
- \* develop coordination capacity for the consortia;
- \* develop a strategic plan.
- \* develop a performance-based mechanism(s) to finance research and promotion activities across countries;
- \* develop protocols among countries to facilitate the exchange of technology, including information exchange and control parameters.
- \* develop an HRD plan.

The regional activity will build cooperation and a critical mass among the national agents, and improve the efficiency of the research and development support services. The activity and InterCRSP will not create a regional center. But, rather, assist existing institutions work regionally. And, the InterCRSP will assist National Agricultural Research Institutes improve their capacity to coordinate and participate in regional research and development efforts related to natural resources management.

### ***9.3 Strengthen Existing National and Regional Capacity***

A key function of the Inter-CRSP is to support institutional development. Traditionally the focus has been on human resource development (HRD). This is important but not sufficient to ensure the sustainability of the institutions and the development efforts they are engaged in. Other key factors need to be addressed, such as how to develop the financial capital base to ensure stable funding of long term activities. Attention needs to be given to strategic planning (including priority setting and impact assessment), developing financing mechanisms, improving accounting systems, contract linkages with NGOs and private sector groups, institutional policy analysis, electronic communication and human resource development. And, performance based funding and promotion systems are needed. Addressing these issues will require institutional innovation. The Inter-CRSP will support the design and assessment of institutional innovation relevant to and applicable in West Africa NRM TDT systems.

Based on need and demand from national systems and Field Missions, the InterCRSP will assist NARS organize and conduct specialized short term training. And, it will help increase communication within the subregion including the promotion of more extensive use of the computer for electronic networking and email exchanges.

The individual CRSPs currently provide longer term training that is complimentary to and supportive of the NRM TDT strategy, development objectives, and results framework to be formulated in consultation with AFR, Field Missions and NARSs in West Africa.

Working with the regional consortia, the Inter-CRSP will provide funding for African researchers to conduct research on priority topics.

### **10. Increasing Availability of NRM Technology**

A principal focus of this activity is to increase the availability of known techniques among national research systems; and to increase access to profitable and sustainable NRM innovations among technology users.

The technical activities designed and implemented by this initiative will include, from the outset, both the development and transfer of innovations. To the fullest extent possible they should encourage multi-disciplinary teams that collaboratively address on and off farm constraints. Core funding of CRSPs are designed to give priority attention to technology development. AFR/SD and

Field Mission funding will concentrate on validation and transfer of technology. This activity will improve the complementarity of these two efforts.

The transfer of technology will require the combined efforts of the CRSPs, NARSS, NGOs and technology users. The need for and feasibility of establishing a small grants program to promote the stewardship of innovations from release to use will be examined. And, if feasible, will be established. Options to link with existing grant and fellowship funds will also be examined.

To integrate agriculture and natural resource management efforts, economic and technical conditions need to be established that link the interests of consumers and the concerns for the sustainability of the resource environment. Research can support this by improving the understanding of the prospective impact technology will have, if used, on consumer interests and resource sustainability. NRM research completed under this initiative will seek to improve this knowledge, and advise on implications as technology is reviewed for release.

Policies that establish the conditions for the exchange and use of profitable and sustainable techniques will need attention under this activity. This might include short term training on topics such as intellectual property rights, as well as studies to identify factors limiting the impact of the technical innovations and assessments of impact.

A participatory approach to research and technology transfer will be promoted and used in all of the field work supported under this initiative.

## **11. Principal Themes for InterCRSPing**

The following seven principal themes are identified where each area would be an umbrella under which related high priority activities could be covered.

- 11.1 Soil, Water, and Natural Vegetation Conservation, Management, and Improvement**
- 11.2 Crops and Cropping Systems Conservation, Management, and Improvement for economic and ecological sustainability**
- 11.3 IPM to enhance ecological sustainability**
- 11.4 Socio-economic analysis and Policy Intervention and Agribusiness Promotion**
- 11.5 Technology Transfer and On-Farm Testing**
- 11.6 Human Capital Development, Communications, and Information Networking**
- 11.7 Networking, Regional Cooperation, and Information and Technology Sharing**

### **11.1 Soil, Water, and Natural Vegetation Management and Improvement**

The focus of this interCRSPing is resource management (soil, water, nutrient, vegetative cover) for increased crop productivity on a sustainable basis.

The cereal and legume production physical environment in the region is generally poor, fragile, and harsh. It is imperative that a judicious management of the region's natural resources is essential to promote and support sustainable crop production.

Among the high priority activities under this theme are:

- Reducing land and natural vegetation degradation and soil erosion.
- Improving soil and water conservation and management practices.
- Restoration and improvement of soil fertility.
- Integrated management of agricultural watersheds.
- Conservation tillage and crop residue management.

### ***11.2 Crops and Cropping Systems Management and Improvement***

The principal crops that will be covered in this program are sorghum, millet, cowpea, and peanut. The cropping systems to be studied are envisaged to be cereal/legume combinations in which these crops are involved. Since the region is an important center of genetic diversity for sorghum and millet germplasm, it is essential to study, conserve, and utilize this genetic diversity.

Some of the main activities under this heading are:

- Crop management and improvement under drought - including breeding for drought situations.
- Cereal/legume cropping systems and improving crop management practices for enhanced productivity.
- Germplasm improvement and enhancement.

### ***11.3 IPM to enhance ecological sustainability***

The use of appropriate IPM tactics contributes to ecological sustainability and improvement of natural resources and ecosystems. Among the high priority NRM related issues under this theme are:

- Minimizing health hazards for human, livestock and wildlife resources.
- Decreasing purchased chemical inputs, thereby improving ecological sustainability.
- Minimizing ground and surface water pollution.
- Reducing pesticide use and minimizing pesticide residues in the food systems, maintaining biodiversity, and improving the overall ecosystem.
- Minimizing crop losses due to insects, diseases, and weeds.

### ***11.4 Socio-economic and Policy Development and Agribusiness Promotion***

Socio-economic investigations covering a range of topics such as costs of production, labor availability and cost, impact assessment of technology, and product marketing will be undertaken. Policy issues bearing on institutional development, crop production and protection, and natural resource management shall be investigated also. Studies will also be conducted on the place and contribution of women in agriculture of West Africa. Since the role of women in agriculture is critically important for agriculture and natural resource management, sufficient attention must be given to gender analysis.

Under this theme a major effort will be made to promote agribusiness in areas related to the activities of the CRSPs. Involvement of the private sector is essential for the success of the agribusiness initiatives. Some examples are:

- Establishment and promotion of seed industries.
- Promotion of value added products - food processing, packaging, and marketing.
- Development and manufacturing of small scale equipment, tools, and processing plants.

## 11.5 Technology Transfer

Technology transfer will be a major thrust of this activity, especially initially. The CRSPs in general have not given high priority to technology transfer; however, there is increasing interest by the USAID Missions in the region to have the CRSPs participate in technology transfer. Some feel that lack of technology transfer is more limiting than technology generation. The CRSPs are well situated to strengthen Research-Extension-Farmer linkages. High priority should be given to create opportunities for an aggressive technology transfer programs, perhaps in the fashion of the Global 2000 program effective elsewhere in sub-Saharan Africa. The active and lead participation of the NARSs in this effort is essential. Identification of components and packages of technology suitable for a given ecological zone could be done collaboratively by the CRSPs and the NARSs. It is important to identify a few strategic locations and move on with the job of transferring technology aggressively and demonstrate what is possible.

To demonstrate success in the transfer of technology it is necessary to move forward immediately with available and transferable CRSP generated technologies, picking "low apples".

Some examples of picking "low apples" are:

- Early maturing cowpea and sorghum varieties with regional adaptation, pest resistance, and good yield.
- High yielding sorghum hybrids and varieties, such as NAD-1 and SEPON-82 for higher potential zones, with the appropriate packages of production practices.
- Low cost seed storage technology for cowpeas, such as solar heater weevil disinfestation, triple bagging strategies, and improved ash and drum storage. These technologies are potentially applicable to other crops as well.
- Value added food products - pearling sorghums to produce rice-like product, improving *tuwo* and *cous cous* products, and milling cowpea flour.
- Land rejuvenation technologies, including soil conservation, rainfall harvesting, crop residue mulching, and green manuring.

These technologies for increasing crop productivity or reducing losses of crops contribute to natural resource management and improvement by minimizing the use of marginal lands and fragile soils.

## 11.6 Human Capital Development and Communication

The NARSs of the region emphasize that the most significant impact of the CRSPs has been the strengthening of the NARSs, both through staff training and research capacity building. It is acknowledged and highlighted by the management and scientists of the NARSs that the CRSPs have been critical players in assisting the NARSs reach their current stage of institutional development. The key staff in the region in management, as well as the leading research staff, were trained under the CRSPs. US scientists under the CRSPs have provided continuous professional advice and guidance in institution building to the NARSs. Although training has been the most important and highly appreciated contribution of the CRSPs, it is also important to realize that the collaborative research mode was essential in identifying the right trainees and providing the right kind of training environment for national scientists. The NARSs are still young and the training and institution strengthening efforts of the CRSPs have to continue.

One of the major problems of the national scientists working within the NARSs is professional isolationism with little opportunity to interact with their peers in the developed countries who are often at the cutting edge of scientific advances. Libraries and other sources of scientific literature in the host countries are often inadequate or lacking. Opportunities for regular professional interactions are limited. Mechanisms and motivations for publishing in scientific journals are

seldom in place. National scientists operating under such circumstances gradually lose professional interest and become rusty. The CRSPs should continue to provide fora for relevant professional interaction to the scientists of the NARSSs by helping them to stay abreast with recent developments in their fields. This can continue to be done through facilitating one to one interactions with CRSP PIs as well as through networks of scientists in the large CRSP family.

Under this initiative the focus will be on short-term training, particularly in leadership and managerial skills. Conferences and workshops organized through this interCRSP mechanism will also contribute to human capital development and facilitate communication between the CRSPs and the partner host countries. In improving communication, it is essential to initiate or promote the more extensive use of the computer for electronic networking and e-mail exchanges.

This interCRSP initiative can be a powerful mechanism for human capital development, sustainable institution building, and improved communication, all of which rely on the established collaborative mode of operation of the CRSPs.

### *11.7 Networking and Regional Cooperation*

From the early years of their inception, the CRSPs initiated the tradition of collaborative research. The idea and philosophy of collaborative research has now grown, matured, and has come of age that it can continue forward with confidence and satisfaction. The host country partners of the CRSP PIs appear ready and available with the necessary training and experience. The ingredients for strengthening regional institutions and cooperation are in place and the CRSPs can contribute effectively to such efforts. The four countries proposed for this regional activity have the tradition of cooperation. They are ecologically and culturally similar to facilitate networking activities.

The NARSSs have nationally coordinated commodity programs of which most of the leaders, coordinators, and active researchers have been trained and influenced by the CRSPs under the Land-grant Institution Philosophy. These national leaders and researchers have had outstanding training and are motivated to carry forward collaborative research in the true spirit of the CRSP philosophy. Their familiarity with the CRSP institutions and their personal friendship with each other and the CRSP PIs are positive factors which will facilitate further collaborative research even more effectively. With the active involvement of these CRSP trained national scientists who know not only the US institutions but also each other, the stage is set for effective regional institutional strengthening and cooperation.

There are already regional networks dealing with subjects of interest to the CRSPs. Examples are:

ROCAFREMI -	Réseau Ouest et Centre Africain de Recherche sur le Mil, Niger
WASIN -	West Africa Sorghum Improvement Network, Mali
SNRMN -	Soil and Natural Resources Management Network, Senegal
PAN West Africa -	Pesticide Action Network West Africa, Senegal

Other networks which are in the process of establishment are:

- Socio-economic network for Production, Marketing, and Policy Constraints for Cowpea (Bean/Cowpea)
- ICN/IPM Consultative Network

Networks in general promote multidisciplinary programs in the region, strengthen regional cooperation, facilitate technical information and germplasm exchange, and capitalize and benefit from the strengths of the member countries. Through the networks it would be possible to enable outstanding local researchers to consult in the region. Provision will be made to facilitate the use of regional experts as consultants in the region.

## **12. Ongoing Activities and Innovations that Offer Promise for Early Transfer and Impact**

All of the six CRSPs operating in the region have a wide range of ongoing activities at different stages of progress leading into early transferable technologies and impact. Some examples of early transferable technologies have been given above.

## **13. Range of Collaborators**

The principal collaborators in this initiative will be the six CRSPs and the NARSs of the four participating countries. However, from their inception, the CRSPs have maintained strong collaborative relationships with the International Agricultural Research Centers (IARCs), NGOs, and other organizations. From the early 1980s to date, they have worked very closely with such centers as ICRISAT (Sahelian Center in Niger and WASIP in Mali) and IITA in research, training of NARS and US scientists, organization and running of conferences and workshops, production of proceedings, and many other areas of mutual interest. Staff exchanges between the CRSPs and IARCs have been extensive. The collaboration between the CRSPs and the IARCs have been multifaceted and certainly very strong. They can be exploited more to strengthen regional institutions and promote regional networking and cooperation.

The CRSPs have also worked closely with a number of regional organizations and networks including the west African networks on sorghum as well as millet. Collaboration has involved, among other things, joint research, training, conferences, and professional visits. These regional organizations have been helpful in developing and promoting strong regional cooperative research programs. Information and germplasm exchange between the CRSPs and these organizations and networks have been extensive. There are opportunities to build on these regional cooperations.

Other potential collaborators are NGOs and host country based projects such as World Vision Int., CARE Int., AFRICARE, Lutheran World Federation, World Bank, SNRBARP and CBNRM in Senegal as well as others. The NGOs and the national development projects can facilitate the transfer of technology generated through the efforts of the CRSPs.

## **14. Contribution of the CRSPs to the InterCRSP Activity**

The CRSPs have existing linkages with all four countries in this initiative. A wide range of expertise bearing on the overall NRM theme can be provided by the six CRSPs. These CRSPs have expertise in cereals, legumes, soil and natural resource management, IPM, post-harvest handling and processing, socio-economic and policy issues, and much more. The CRSPs bring high level US scientific input to the interCRSP activities. Through the CRSPs, this initiative has access to the US land-grant university system to address a broad range of issues relevant to NRM. The CRSPs can contribute their existing linkages with the IARCs and NGOs in the region as well as outside. The CRSPs, of course, provide an outstanding training base both for long and short-term. Finally, the major contributions of the CRSPs are contained in their existing activities in the region, their past regional experiences, and a regional team of experts (host country and US) that can research and deal with all aspects of NRM issues in the region.

The land grant concept, as implemented by the CRSPs in West Africa, so far has not sufficiently involved the national universities of the region. Greater effort needs to be made to involve more national universities of West Africa in NRM research and technology transfer.

## **15. CRSP Funding**

This activity will provide a mechanism for development of a joint strategy among the CRSPs to address natural resource management issues and constraints. It is expected that the strategy, jointly developed with CRSP client groups, will provide guidance for the allocation of core funding. Each of the six CRSPs participating in this initiative are already allocating more than 20% of their resource allocations in and/or on behalf of West Africa to NRM strategies and related technical issues.

## **16. Duration**

This activity will have an initial duration of three years. Subject to the availability of funds, the activity will receive annual funding. After two years from its initiation it will be examined by a team consisting of external reviewers, InterCRSP member and USAID staff, which will make recommendations for future activities AFR PARTS Project funding.

## **17. Results and Outputs**

### ***17.1 Results Framework***

An early output of the InterCRSP will be the creation of a results framework that articulates the intermediate results that will need to be achieved for success of NRM technology development and transfer in West Africa. The results framework will provide indicators that will be tracked in the course of implementation.

### ***17.2 Expected Outputs***

Expected outputs from this activity include:

- i. New NRM techniques and products in use at the community level.
- ii. Regional consortia develops sustainability plan.
- iii. Training completed.
- iv. An integrated strategy to develop and use CRSP NRM activities and interventions in West Africa.
- v. Increased efficiency of West Africa NARS research capacity to support priority NRM development objectives.
- vi. Increased concentration of research resources on sustainable use of agriculture and natural resources in West Africa.
- vii. Increased exchange of technical NRM innovations and information among West African countries.

## 18. Implementation

This activity will be completed over a four year period. An illustrative implementation schedule is summarized below, including pre-activity actions.

### Pre-Activity

Pre activity planning will be completed by the InterCRSP in conjunction with Field Missions and NARS to establish the conditions for implementation. Prior to the start up of this activity the following actions will be completed.

- i. CRSP Council establishes an InterCRSP for NRM technology development and transfer in West Africa.
- ii. InterCRSP members develop a results framework for AFR/SD/PSGE.
- iii. InterCRSP establishes protocol with lead NARSs and Institut du Sahel (INSAH).
- iv. The scope of the national and regional assessments will be prepared with AFR/SD/PSGE concurrence.
- v. Global, AFR and InterCRSP get Field Mission and NARS concurrence on the schedule for NRM TDT assessments and strategic planning.

### Year one

A management plan will be prepared by the CRSP Council on the operation, oversight and review of the NRM InterCRSP, including budget preparation, review and approval, work plans.

Complete NRM TDT assessment and strategic planning in six countries (Mali, Niger, Burkina Faso, Senegal, Cameroon, and Ghana) that have the prospects of playing a lead role in coordination and execution of the NRM TDT activities. The first assessment will be completed in Niger in conjunction with the Field Mission and INRAN. The assessment and strategic planning, among other things, will include:

- a. An inventory/review of Field Mission and national strategic objectives,
- b. Preparation of an NRM TDT results framework to support the country strategic objectives,
- c. An inventory of current NRM research priorities, policies, activities and capacity.
- d. An examination of the congruity between development objectives and research priorities and activities being carried out by the NARS and CRSPs.
- e. A review of dominant constraints currently or with significant potential to limit the sustained use of agricultural and natural resources for priority commodities and high potential agricultural areas of the country.
- f. A review of the most effective and efficient current agents and mechanisms available to disseminate NRM technologies.
- g. A review of information exchange mechanisms and technologies for electronic communication as well as opportunities to improve the efficiency of information exchange.
- h. Other analysis that may be needed that will be jointly agreed with the Field Missions and NARS.

Within two months of completing national assessments, a draft regional strategy will be prepared that builds on and synthesizes the national development objectives, capacity and results frameworks for the national programs. The draft assessment and strategy report will be circulated to all NARS, regional organizations and Field Missions for review. Comments and input will also be sought from other donors and selected NGOs.

A meeting of broader interests groups, including but not limited to research leaders and other USAID Projects, will be convened to review the research, transfer and development components of the strategy. The group will validate the regional strategy. The strategy will be submitted to USAID/G/AFS and AFR/SD/PSGE (and other Missions or Office providing funding) for concurrence.

Shortly thereafter, the Program Committee will be convened to review the research strategy and develop a work plan for research. The expected outcome of the meeting is a recommended two year work plan. This work plan will be submitted to USAID for concurrence.

The strategy will lay out the process and criteria for funding the research activities. Based on concurrence of these criteria among participating national research leaders, proposals will be prepared and submitted for consideration, funding, and execution. Trials and demonstrations will subsequently be completed.

Using the approved strategy as guidance, the InterCRSP will initiate a review of known technologies to identify investment grade technologies that could be promoted to support the national and field mission strategic development objectives.

In consultation with lead NARSSs, a workplan for incorporation of a regional consortia will be prepared. The workplan will be prepared and submitted to AFR/SD/PSGE for concurrence by December, 1995.

In the first year, priority attention will be given to identify and disseminate existing technology important to support the strategic development objectives. Efforts of both national and CRSP researchers will focus on this task. This effort will provide the basis for second year activities to facilitate their broader dissemination.

The workplan will identify training schedules and plans, which will subsequently be completed.

Program Committee meetings will be held in West Africa at the end of year one to review findings for the year's research, exchange information, and prepare for the second year of activities.

### **Year Two**

A detailed two year work plan will be prepared during the strategic planning efforts.

Monitoring tours across countries will be completed by the national researchers and CRSP scientists.

Program committee meetings will be held every six months.

Exchange of information and technology among countries is accelerated.

Transfer of technology to and by NGOs increases.

### **Year Three**

Implement Year Three workplan.

Study and monitoring tours will continue.

Exchange of information and technology among West African countries continues.

Transfer of technology to and by NGOs and host country institutions will be accelerated.

Program committee and board meetings will be held.

Collaborative research continues and results will get published.

## **19. Progress Monitoring and Reporting**

Financial reports should be submitted quarterly to G/AFS/ST.

Progress reports that report on agreed performance criteria and indicators of impact consistent with the results framework should be submitted semiannually. An end of project report should be submitted at the termination of the grant period. Semiannual reports will be submitted within one month of the period being reported on. The following USAID offices will receive progress reports: Field Missions, AFR/SD/PSGE, G/AFS, REDSO/West.

At the end of year two a review will be completed to advise on progress and future funding.

## **20. Management**

### **20.1 Lead CRSP**

Consistent with the Memorandum of Understanding and the bylaws, the CRSP Council unanimously designated, on March 22, 1995, the IPM CRSP/OIRD, Virginia Tech to be lead CRSP to implement this initiative. Accordingly, the IPM CRSP will serve as the Management Entity for this program and coordinate the activities of the participating CRSPs.

### **20.2 Operational Structure**

The overall workplan will be collaboratively developed by the partner CRSPs and the collaborating national and regional institutions. The Program Committee, with the leadership of the IPM CRSP, will assume the major responsibility of preparing the workplan. The PC will be composed of the partner CRSPs and the host country institutions with each designating one member. The Board of Directors, composed of the participating CRSP Directors and the National and Regional collaborating institution Directors, will serve as a policy advisory body, approve the workplan, and oversee its implementation. Resource allocation will be done by the PC, with the final approval of the allocations provided by the BOD. (The organizational chart is given on page 5.)

**ATTACHMENT 3****STANDARD PROVISIONS****3.1 INELIGIBLE COUNTRIES (MAY 1986)**

Unless otherwise approved by the USAID Agreement 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.

**3.2 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.

**3.3 U.S. OFFICIALS NOT TO BENEFIT (NOV 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 agreement or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this award if made with a corporation for its general benefit.

**3.4 INVESTMENT PROMOTION (JAN 1994)**

No funds or other support provided hereunder may be used in a project or activity reasonably likely to involve the relocation or expansion outside of the United States of an enterprise located in the United States if non-U.S. production in such relocation or expansion replaces some or all of the production of, and reduces the number of employees at, said enterprise in the United States.

No funds or other support provided hereunder may be used in a project or activity the purpose of which is the establishment or development in a foreign country of any export processing zone or designated area where the labor, environmental, tax, tariff, and safety laws of the country would not apply, without the prior written approval of USAID.

No funds or other support provided hereunder may be used in a project or activity which contributes to the violation of internationally recognized rights of workers in the recipient country, including those in any designated zone or area in that country.

3.4 (Continued)

This provision must be included in all subagreements.

3.5 NONLIABILITY (NOV 1985)

USAID does not assume liability for any third party claims for damages arising out of this Agreement.

3.6 AMENDMENT (NOV 1985)

The Agreement may be amended by formal modifications to the basic agreement document or by means of an exchange of letters between the Agreement Officer and an appropriate official of the Recipient.

3.7 NOTICES (NOV 1985)

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

To the USAID Agreement Officer, at the address specified in the agreement.

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

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

3.8 OMB APPROVAL UNDER THE PAPERWORK REDUCTION ACT (AUG 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 8/31/97. 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.

Standard Provision	Burden Estimate
Air Travel and Transportation	1 (hour)

3.8<sup>4</sup> (Continued)

Ocean Shipment of Goods	.5
Procurement of Goods and Services	1
Patent Rights	.5
Publications	.5
Negotiated Indirect Cost Rates - Predetermined and Provisional	1
Voluntary Population Planning	.5
Protection of the Individual as a Research Subject	1
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.

## 3.9 AIR TRAVEL AND TRANSPORTATION (AUG 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

## 3.9 (Continued)

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
  - (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

## 3.9\* (Continued)

usually traveled route to connect with U.S. flag air carrier service; or

- (3) Where a U.S. flag air carrier involuntarily reroutes the traveler via a foreign air carrier the foreign air carrier may be used notwithstanding the availability of alternative U.S. flag air carrier service.
- (g) For travel between a gateway airport in the United States (the last U.S. airport from which the traveler's flight departs or the first U.S. airport at which the traveler's flight arrives) and a gateway airport abroad (that airport from which the traveler last embarks enroute to the U.S. or at which the traveler first debarks incident to travel from the U.S.), passenger service by U.S. flag air carrier will not be considered available:
- (1) Where the gateway airport abroad is the traveler's origin or destination airport, and the use of U.S. flag air carrier service would extend the time in a travel status, including delay at origin and accelerated arrival at destination, by at least 24 hours more than travel by foreign air carrier:
  - (2) Where the gateway airport abroad is an interchange point, and the use of U.S. flag air carrier service would require the traveler to wait six hours or more to make connections at that point, or delayed departure from or accelerated arrival at the gateway airport in the U.S. would extend the time in a travel status by at least six hours more than travel by foreign air carrier.
- (h) For travel between two points outside the U.S. the rules in paragraphs (d) through (f) of this section will be applicable, but passenger service by U.S. flag air carrier will not be considered to be reasonably available:
- (1) If travel by foreign air carrier would eliminate two or more aircraft changes enroute;
  - (2) Where one of the two points abroad is the gateway airport (as defined in paragraph (g) of this section) enroute to 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

## 3.9 (Continued)

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

(l) International Travel

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

**3.9 (Continued)**

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.

**3.10 AID ELIGIBILITY RULES FOR GOODS AND SERVICES (AUG 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

## 3.10 (Continued)

- & plasticizers,
- (vi) Used equipment,
- (vii) U.S. Government-owned excess property, or
- (viii) Fertilizer.

(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,

## 3.10 (Continued)

which would not allow for the delay attendant to soliciting U.S. sources,

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

## 3.10 (Continued)

- (e) Printed or Audio-Visual Teaching Materials: If the effective use of printed or audio-visual teaching materials depends upon their being in the local language and if such materials are intended for technical assistance projects or activities financed by AID in whole or in part and if other funds including U.S.-owned or U.S.-controlled local currencies are not readily available to finance the procurement of such materials, local language versions may be procured from the following sources, in order of preference:
- (1) The United States (AID Geographic Code 000),
  - (2) The Cooperating Country,
  - (3) "Selected Free World" countries (AID Geographic Code 941), 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 Provision]

## 3.11 SUBAGREEMENTS (FEB 1995)

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

- (a) All provisions of 22 CFR 226 and all Standard Provisions attached to this agreement shall be applied to subrecipients which meet the definition of "Recipient" in that part, unless a section specifically excludes a subrecipient from coverage.
- (b) Any subawards made with entities which fall outside of the definition of "Recipient" (such as Non-US organizations) will be made in accordance with USAID Handbook 13, Appendix 4D "Standard Provisions for Non-US Nongovernmental Grantees" except for the "Accounting, Audit and Records" Standard Provision. Recipients must apply the following guidelines

**3.11 (Continued)**

when subawarding to entities which do not meet the definition of "Recipient".

(c) A recipient that receives a USAID award and provides \$25,000 or more of it during its fiscal year to a sub-recipient (whether meeting the definition of "Recipient" or not) shall follow the guidelines of OMB Circular A-133. The recipient shall ensure that:

- (1) 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;
- (2) 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;
- (3) They consider whether sub-recipients audits necessitate adjustment of the grantee's own records; and
- (4) 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.

**3.12 PUBLICATIONS (AUG 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."

**3.12 (Continued)**

- (b) Unless the grantee is instructed otherwise by the cognizant technical office, publications, videos or other information/media products funded under this grant and intended for general readership or other general use will be marked with the AID logo and/or U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT appearing either at the top or at the bottom of the front cover or, if more suitable, on the first inside title page for printed products, and in equivalent appropriate location in videos or other information/media products. Logos and markings of co-sponsors or authorizing institutions should be similarly located and of similar size and appearance.
- (c) The grantee shall provide the AID project officer and POL/CDIE, Room 215, SA-18, Washington, DC 20523-1802, with one copy each of all published works developed under the grant and with lists of other written work produced under the grant.
- (d) In the event grant funds are used to underwrite the cost of publishing, in lieu of the publisher assuming this cost as is the normal practice, any profits or royalties up to the amount of such cost shall be credited to the grant unless the schedule of the grant has identified the profits or royalties as program income.
- (e) Except as otherwise provided in the terms and conditions of the grant, the author or the recipient is free to copyright any books, publications, or other copyrightable materials developed in the course of or under this grant, but AID reserves a royalty-free nonexclusive and irrevocable right to reproduce, publish, or otherwise use, and to authorize others to use the work for Government purposes.

**3.13 NEGOTIATED INDIRECT COST RATES - PREDETERMINED  
(AUG 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

**3.13 (Continued)**

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.

**3.14 PARTICIPANT TRAINING (AUG 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

**3.14 (Continued)**

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.

**3.15 USE OF POUCH FACILITIES (AUG 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

**3.15 (Continued)**

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.
- (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.

**3.16 CONVERSION OF UNITED STATES DOLLARS TO LOCAL CURRENCY (NOV 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.

**3.17 PUBLIC NOTICES (AUG 1992)**

(This provision is applicable when the cognizant technical office determines that the grant is of public interest and requests that the provision be included in the grant.)

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:

**3.17 (Continued)**

"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.

**3.18 RIGHTS IN DATA (AUG 1992)**

(This provision is applicable whenever data will be produced under the grant.)

**(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."

## 3.13 (Continued)

"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.

"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;

## 3.18 (Continued)

- (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.
- (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),

## 3.1 (Continued)

(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.

**ATTACHMENT 4****STANDARDS FOR USAID-FUNDED PUBLICATIONS**

The following standards are intended as general guidelines for the production of USAID-funded publications that fall within the scope of those requiring USAID (LPA) approval.

The purpose of establishing basic standards is to enable LPA to work in a cooperative effort with agency bureaus and field missions to produce informative, professional and cost-effective products that meet the needs of a designated audience. The audience and distribution plans must be clearly defined and justification given that a real need exists for the proposed publication.

We are fully aware that there will be situations that warrant exceptions to these standards. Exceptions will be made by LPA on a case-by-case basis.

**I. Publications Intended for a U.S. Audience, Including Congress:**

- A. Use of color: Two-color maximum for both cover and text (black or blue ink, generally used for text, counts as one color). In the case of publications such as conference proceedings, one color is the standard.
- B. Paper: For both cover and text, use the most cost-effective stock that suits the publication's purpose. Make every effort to use recycled paper. Do not use heavy stock.
- C. Photos: Black-and-white.
- D. Content: Emphasize results achieved toward sustainable development through USAID programs. NOTE: In most cases, LPA will ask for a separate textual (ASCII) version of the final document for possible posting on USAID's Internet, which at present can support text only.
- E. Design: Avoid expensive folds/paper cuts, inserts/foldouts, die cuts, embossing, foil stamps and other design elements that add additional expense.

**II. Reports Required by Congress**

Most reports should be in typewritten, xeroxed format and respond specifically to what is required by statute.

**III. Use of Metric Units of Measurement**

Unless a waiver is granted, metric units are to be used in accordance with Executive Order 12770. Traditional units may be shown in parentheses after metric.

#### IV. Use of Agency Logo

The USAID logo (or the name of the agency written out) should be displayed prominently, e.g., on the cover or title page.

#### V. Approval Form

LPA is developing a "request-for-approval" form that will be put on the agency-wide computer network as a macro to simplify and streamline the approval process. Information that will be required is as follows: type and design/format of publication; justification for its need; clearly defined audience and distribution plans; print run; budget breakdown including costs for photographic services (if a contract photographer is used), writing, editing, design, layout and printing; whether OE or program funds are being used; and plans to evaluate the effectiveness of the product.

**STANDARDS FOR USAID-FUNDED VIDEO PRODUCTIONS**

The following standards are intended as general guidelines for USAID-funded video productions that require USAID (LPA) approval.

The purpose of establishing these basic standards is to enable LPA to work in cooperation with agency bureaus and field missions to produce informative, professional and cost-effective programs that meet the needs of the designated audience. The audience and distribution plans must be clearly defined. The purpose and production plans must be justified and must support a real need.

We are aware that USAID video productions generally fall into two categories--those produced for information/education of U.S. audiences, and those produced with program funds for largely foreign audiences. These guidelines will help missions decide which programs warrant video productions and how these should be produced.

We are also aware that certain situations will justify exceptions to these standards. Exceptions will be made by LPA on a case-by-case basis.

**I. Basic Guidelines**

- A. **Content:** Videos intended for U.S. audiences, including Congress, should portray concrete results or chronicle a USAID success story. The video should not be a "promo" for a contractor or a specialized technical report aimed at a narrow audience of experts. Videos produced with program funds for foreign audiences would usually be training tapes or other instructional material. Also, LPA will not approve video recordings of conference proceedings that can more appropriately be shared as written transcripts or audiocassette recordings.
- B. **Format:** The program should be shot in a professional television format: BETA, BETA-SP, or 3/4". Only viewing copies should be made in VHS. Programs may be shot in American TV standard (NTSC) or in PAL or SECAM TV standard.
- C. **Producers:** Direct contracts must comply with OFPP Letter No. 79-4 which establish a "Government-Wide Contracting System for Motion Picture and Videotape Productions" (as required by OFPP by OFPP letter 79-4.) The designated production team must have a track record producing information/education programs or other professional broadcast products. A brief list of previously produced programs should be included.
- D. **Length:** The video should be no more than 15 minutes, unless there is a strong justification.
- E. **Copies:** The number should be determined by the bureau/mission and reflected in the production budget. Viewing copies for

NGOs, PVOs and local officials should be in VHS. Copies for local TV placement must be in 3/4" or BETA. A copy of the master of the finished program must be sent to the LPA video archive.

## II. Approval Form

To simplify the approval process, LPA is developing a macro for the "request-for-approval" form that will be put on the agency wide computer network. The following information will be required.

- A. A general description of the subject of the video.
- B. The intended audience and a detailed distribution plan.
- C. Whether OE or program funds will be used.
- D. Budget breakdown to include costs for the following items:
  - Pre-production: research, script, shooting schedule (where the video will be shot);
  - Production: how many shooting days (include travel days), how much per day for the crew plus equipment. Please note: where possible, a local crew should be used; and
  - Editing: how many hours, how much per hour, how much for graphics and titles.
- E. Discussion of plans to evaluate the script and the "rough cut" for the effectiveness of the product.

Note: All videos produced with USAID funds must be deposited in the LPA video archive. This includes all "source" tapes, plus a copy of the completed master program.

**§ 73.23 (Amended)**

2. Section 73.23 is amended as follows:

**R-2309 Yuma, AZ (Amended)**

By removing "Using agency, U.S. Air Force, Southwest Air Defense Sector/DOS, March AFB, CA." and substituting the following: "Using agency, U.S. Air Force, Western Air Defense Sector/DOS, McChord AFB, WA."

**R-2312 Fort Huachuca, AZ (Amended)**

By removing "Using agency, U.S. Air Force, Southwest Air Defense Sector/DOS, March AFB, CA." and substituting the following: "Using agency, U.S. Air Force, Western Air Defense Sector/DOS, McChord AFB, WA."

Issued in Washington, DC, on January 10, 1995.

Harold W. Becker,

Manager, Airspace—Rules and Aeronautical Information Division.

[FR Doc. 95-1262 Filed 1-18-95; 8:45 am]

BILLING CODE 4910-13-P

**14 CFR Part 73**

(Airspace Docket No. 94-AWP-27)

**Revocation of Restricted Area R-2511; Fort Ord, CA**

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

**SUMMARY:** This action removes Restricted Area R-2511, Fort Ord, CA. Due to the base closure of Fort Ord, the Department of the Army no longer has a requirement for Restricted Area R-2511. To accommodate the clearing and disposal of unexploded ordnance at Fort Ord, a Controlled Firing Area (CFA), has been established.

**EFFECTIVE DATE:** 0901 UTC, March 30, 1995.

**FOR FURTHER INFORMATION CONTACT:** Jim Robinson, Military Operations Program Office (ATM-420), Office of Air Traffic System Management, Federal Aviation Administration, 800 Independence Avenue, SW., Washington, DC 20591; telephone: (202) 493-4050.

**SUPPLEMENTARY INFORMATION:****The Rule**

This amendment to part 73 of the Federal Aviation Regulations removes Restricted Area R-2511, Fort Ord, CA. Due to the base closure of Fort Ord, the Department of the Army no longer has a requirement for Restricted Area R-2511. To accommodate the clearing and disposal of unexploded ordnance at Fort Ord, a CFA, has been established. The CFA is completely contained within the Fort Ord military reservation. This

action returns formerly restricted airspace to public use. Because this action is a minor technical amendment in which the public is not particularly interested, I find that notice and public procedure under 5 U.S.C. 553(b) are unnecessary. Section 73.25 of part 73 of the Federal Aviation Regulations was republished in FAA Order 7400.8B dated March 9, 1994.

The FAA has determined that this regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. It, therefore—(1) is not a "significant regulatory action" under Executive Order 12866; (2) is not a "significant rule" under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979); and (3) does not warrant preparation of a regulatory evaluation as the anticipated impact is so minimal. Since this is a routine matter that will only affect air traffic procedures and air navigation, it is certified that this rule will not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

**Environmental Review**

This action removes special use airspace. This action is not subject to environmental assessments and procedures in accordance with FAA Order 1050.1D, "Policies and Procedures for Considering Environmental Impacts" and the National Environmental Policy Act of 1969 (NEPA).

**List of Subjects in 14 CFR Part 73**

Airspace, Navigation (air).

**Adoption of the Amendment**

In consideration of the foregoing, the Federal Aviation Administration amends 14 CFR part 73 as follows:

**PART 73—[AMENDED]**

1. The authority citation for part 73 continues to read as follows:

Authority: 49 U.S.C. app. 1348(a), 1354(a), 1510, 1522; E.O. 10854, 24 FR 9565, 3 CFR, 1959-1963 Comp., p. 389; 49 U.S.C. 106(g); 14 CFR 11.69.

**§ 73.25 (Amended)**

2. Section 73.25 is amended as follows:

R-2511 Fort Ord, CA [Removed]

Issued in Washington, DC, on January 10, 1995.

Harold W. Becker,

Manager, Airspace—Rules and Aeronautical Information Division.

[FR Doc. 95-1263 Filed 1-18-95; 8:45 am]

BILLING CODE 4910-13-P

**AGENCY FOR INTERNATIONAL DEVELOPMENT****22 CFR Part 226****Administration of Assistance Awards to U.S. Non-Governmental Organizations**

AGENCY: Agency for International Development (USAID).

ACTION: Interim final rule.

**SUMMARY:** This interim final rule adds a new 22 CFR part 226 which implements Office of Management and Budget (OMB) Circular A-110 establishing uniform administrative requirements for Federal grants and agreements awarded to institutions of higher education, hospitals, and other non-profit organizations. In keeping with existing USAID policy, this rule is also being made applicable to commercial organizations.

**EFFECTIVE DATE:** This rule is effective February 21, 1995. Comments must be submitted before March 20, 1995.

**FOR FURTHER INFORMATION CONTACT:** Diana Joan Esposito, Office of Procurement, Procurement Policy and Evaluation (M/OP/P), USAID, SA-14 Rm. 1600J, 320 21st Street, Washington DC 20523. Telephone 703 875-1529, Fax 703 875-1243.

**SUPPLEMENTARY INFORMATION:** On August 27, 1992, OMB published a proposed version of Circular A-110 (57 FR 39018). Over 200 comments were received from Federal agencies, non-profit organizations, professional organizations, and others. OMB addressed these comments in the final version of the Circular published November 29, 1993.

The revised Circular was developed by an interagency task force for government-wide use in a common rule format to facilitate regulatory adoption by executive departments and agencies. This interim final rule essentially adopts the Government-wide common rule format and provisions of the Circular with some minor changes to the Circular to add clarity and some agency-specific technical changes.

1. The Circular provides agencies with a certain discretion in implementing its provisions. USAID has exercised this discretion as follows:

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USAID has decided to include commercial organizations as recipients and subrecipients covered by this rule and not to include foreign or international organizations. The definitions have been revised to reflect this.

The Circular states in \_\_\_\_22(c) that advance payment mechanisms include, but are not limited to, Treasury check and electronic funds transfer. Because USAID frequently issues agency letters of credit for advances, a USAID letter of credit is also referenced in 226.22.

In Section 226.23(b), USAID has determined that unrecovered indirect costs may be included as part of cost sharing without additional approval from USAID.

Section 226.24(d) is amended to reflect USAID's policy determination that commercial organizations may not use the additive formula for program income.

In Section 226.24(f), USAID provides that costs incident to the generation of program income may be deducted from gross income when they are in keeping with the applicable cost principles.

II. 22 CFR Part 226 includes the following additions and changes to A-110 that have been submitted for OMB review and approval as deviations:

Section 226.22(g) is revised to provide that it does not apply to funds earned in foreign currency.

Section 226.22(i) is revised to state that separate depository accounts may be required by the terms of an award where specifically required under USAID's guidance covering endowment funds.

Section 226.22(l) is revised to provide that interest earned shall be remitted to USAID, not HHS, and that USAID may authorize recipients to retain all interest earned in accordance with USAID's statutory authority.

Sections 226.32 and 226.34 are revised to allow for USAID to vest title in an entity other than the recipient (e.g., so that the recipient country government may take title when the award is funded under a bilateral project agreement between USAID and a developing country).

Section 226.44(b) is expanded to provide that certain procurement information be sent to the USAID Office of Small Disadvantaged Business Utilization in accordance with established USAID practice and Section 602 of the Foreign Assistance Act of 1961, as amended.

Section 226.61 is expanded to incorporate USAID's existing authority to suspend or terminate an award where continuation would be in violation of applicable law or otherwise not be in

the national interest of the United States.

Subpart G contains additional procurement eligibility requirements based on USAID's statutory and regulatory requirements. The coverage on eligibility of goods and services, local cost financing, air transportation, and ocean shipment is currently reserved.

III. Editorial changes designed to help clarify the provisions for USAID recipients and program/agreement officers include the following:

Section 226.2 adds definitions of "Agreement Officer" and "USAID."

Section 226.15 includes USAID's existing implementation of the Metric Conversion Act, as amended by the Omnibus Trade and Competitiveness Act (15 U.S.C. 205).

Subpart E contains additional requirements for awards to commercial (for-profit) organizations.

Subpart F contains coverage of USAID's process for disputes with recipients.

Appendix A contract provisions have been altered to indicate applicability to activities conducted in or outside the United States. Also in Appendix A, the provision on the Byrd Anti-Lobbying Amendment corrects the applicability of the provision which was inadvertently misstated in the Circular. The provision applies to awards exceeding \$100,000 rather than awards of \$100,000 or more.

#### Waiver of Proposed Rulemaking

It is the practice of USAID to offer interested parties the opportunity to comment on proposed regulations. However, USAID has determined that further public comment on the common rule portion is unnecessary because the substance of the rule received public comment when published by OMB. Given the mandatory nature of the bulk of the text, USAID has determined that issuance of a Notice of Proposed Rulemaking for the modifications would be impractical, unnecessary and contrary to the public interest since the changes are relatively few and most reflect existing policies and practices. Public comments on USAID-specific implementation of this interim final rule are welcome.

#### Executive Order 12866

USAID has determined that this is not a significant rule in accordance with E.O. 12866.

#### Regulatory Flexibility Act

This is a mandatory, Government-wide uniform rule. The limited USAID-specific provisions in the rule have been reviewed in accordance with the

requirements of the Regulatory Flexibility Act of 1980 (5 U.S.C. Chapter 6). USAID has determined that these portions of the rule would not have a significant economic impact on a substantial number of small entities and, therefore, a Regulatory Flexibility Analysis is not required.

The information collection requirements contained in this rule have been previously cleared by OMB.

#### List of Subjects in 22 CFR Part 226

Accounting, Administrative practice and procedures, Grant programs, Grant administration, Reporting and recordkeeping requirements.

Accordingly, Part 226 of Title 22 of the Code of Federal Regulations is added, consisting of Subparts A through G and Appendix A, to read as follows:

### PART 226—ADMINISTRATION OF ASSISTANCE AWARDS TO U.S. NON-GOVERNMENTAL ORGANIZATIONS

#### Subpart A—General

- Sec.
- 226.1 Purpose and applicability
  - 226.2 Definitions
  - 226.3 Effect on other issuances
  - 226.4 Deviations
  - 226.5 Subawards

#### Subpart B—Pre-Award Requirements

- 226.10 Purpose
- 226.11 Pre-award policies
- 226.12 Forms for applying for Federal assistance
- 226.13 Debarment and suspension
- 226.14 Special award conditions
- 226.15 Metric system of measurement
- 226.16 Resource Conservation and Recovery Act
- 226.17 Certifications and representations

#### Subpart C—Post-Award Requirements

- Financial and Program Management
- 226.20 Purpose of financial and program management
  - 226.21 Standards for financial management systems
  - 226.22 Payment
  - 226.23 Cost sharing or matching
  - 226.24 Program income
  - 226.25 Revision of budget and program plans
  - 226.26 Non-Federal audits
  - 226.27 Allowable costs
  - 226.28 Period of availability of funds

#### Property Standards

- 226.30 Purpose of property standards
- 226.31 Insurance coverage
- 226.32 Real property
- 226.33 Federally-owned and exempt property
- 226.34 Equipment
- 226.35 Supplies and other expendable equipment
- 226.36 Intangible property
- 226.37 Property trust relationship

**Procurement Standards**

- 226.40 Purpose of procurement standards.
- 226.41 Recipient responsibilities.
- 226.42 Codes of conduct.
- 226.43 Competition.
- 226.44 Procurement procedures.
- 226.45 Cost and price analysis.
- 226.46 Procurement records.
- 226.47 Contract administration.
- 226.48 Contract provisions.
- 226.49 USAID-Specific procurement requirements.

**Reports and Records**

- 226.50 Purpose of reports and records.
- 226.51 Monitoring and reporting program performance.
- 226.52 Financial reporting.
- 226.53 Retention and access requirements for records.

**Suspension, Termination and Enforcement**

- 226.60 Purpose of suspension, termination and enforcement.
- 226.61 Suspension and termination.
- 226.62 Enforcement.

**Subpart D—After-the-Award Requirements**

- 226.70 Purpose.
- 226.71 Closeout procedures.
- 226.72 Subsequent adjustments and continuing responsibilities.
- 226.73 Collection of amounts due.

**Subpart E—Special Provisions for Awards to Commercial Organizations**

- 226.80 Scope of subpart.
- 226.81 Prohibition against profit.
- 226.82 Program income.

**Subpart F—Miscellaneous**

- 226.90 Disputes.

**Subpart G—USAID-Specific Requirements**

- 226.1001 Eligibility rules for goods and services. [Reserved]
- 226.1002 Local cost financing. [Reserved]
- 226.1003 Air transportation. [Reserved]
- 226.1004 Ocean shipment of goods. [Reserved]

**Appendix A to Part 226—Contract Provisions**

Authority: Sec. 621, Pub. L. 87-195, 75 Stat. 445 (22 U.S.C. 2381), as amended; E.O. 12163, Sept. 29, 1979, 44 FR 56673; 3 CFR 1979 Comp., p. 435.

**Subpart A—General****§ 226.1 Purpose and applicability.**

Except as otherwise authorized by statute, this part establishes uniform administrative requirements for grants and cooperative agreements awarded by USAID to U.S. institutions of higher education, hospitals, and other non-profit organizations, and to U.S. commercial organizations; and to subawards thereunder. USAID shall not impose additional or inconsistent requirements, except as provided in Sections 226.4, and 226.14, or unless specifically required by Federal statute or executive order. Non-profit and

commercial organizations that implement Federal programs for the States are also subject to State requirements.

**§ 226.2 Definitions.**

*Accrued expenditures* means the charges incurred by the recipient during a given period requiring the provision of funds for:

- (1) Goods and other tangible property received;
- (2) Services performed by employees, contractors, subrecipients, and other payees; and,
- (3) Other amounts becoming owed under programs for which no current services or performance is required.

*Accrued income* means the sum of:

- (1) Earnings during a given period from services performed by the recipient, and goods and other tangible property delivered to purchasers, and
- (2) Amounts becoming owed to the recipient for which no current services or performance is required by the recipient.

*Acquisition cost of equipment* means the net invoice price of the equipment, including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the property usable for the purpose for which it was acquired. Other charges, such as the cost of installation, transportation, taxes, duty or protective in-transit insurance, shall be included or excluded from the unit acquisition cost in accordance with the recipient's regular accounting practices.

*Advance* means a payment made by Treasury check or other appropriate payment mechanism to a recipient upon its request either before outlays are made by the recipient or through the use of predetermined payment schedules.

*Agreement Officer* means a person with the authority to enter into, administer, terminate and/or closeout assistance agreements subject to this part, and make related determinations and findings on behalf of USAID. An Agreement Officer can only act within the scope of a duly authorized warrant or other valid delegation of authority. The term "Agreement Officer" includes persons warranted as "Grant Officers." It also includes certain authorized representatives of the Agreement Officer acting within the limits of their authority as delegated by the Agreement Officer.

*Award* means financial assistance that provides support or stimulation to accomplish a public purpose. Awards include grants, cooperative agreements and other agreements in the form of money or property in lieu of money, by the Federal Government to an eligible

recipient. The term does not include: Technical assistance, which provides services instead of money; other assistance in the form of loans, loan guarantees, interest subsidies, or insurance; direct payments of any kind to individuals; and, contracts which are required to be entered into and administered under procurement laws and regulations.

*Cash contributions* means the recipient's cash outlay, including the outlay of money contributed to the recipient by third parties.

*Closeout* means the process by which the Agreement Officer determines that all applicable administrative actions and all required work of the award have been completed by the recipient and USAID.

*Contract* means a procurement contract under an award or subaward, and a procurement subcontract under a recipient's or subrecipient's contract.

*Cost sharing or matching* means that portion of project or program costs not borne by the Federal Government.

*Date of completion* means the date on which all work under an award is completed or the date on the award document, or any supplement or amendment thereto, on which USAID sponsorship ends.

*Disallowed costs* means those charges to an award that the USAID Agreement Officer determines to be unallowable, in accordance with the applicable Federal costs principles or other terms and conditions contained in the award.

*Equipment* means tangible nonexpendable personal property including exempt property charged directly to the award having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. However, consistent with recipient policy, lower limits may be established.

*Excess property* means property under the control of USAID that, as determined by the head of the Agency, is no longer required for its needs or the discharge of its responsibilities.

*Exempt property* means tangible personal property acquired in whole or in part with Federal funds, where the Federal awarding agency has statutory authority to vest title in the recipient without further obligation to the Federal Government. An example of exempt property authority is contained in the Federal Grant and Cooperative Agreement Act (31 U.S.C. 6306), for property acquired under an award to conduct basic or applied research by a non-profit institution of higher education or non-profit organization whose principal purpose is conducting scientific research.

**Federal awarding agency** means the Federal agency that provides an award to the recipient.

**Federal funds authorized** means the total amount of Federal funds obligated by the Federal Government for use by the recipient. This amount may include any authorized carryover of unobligated funds from prior funding periods when permitted by agency regulations or agency implementing instructions.

**Federal share of real property, equipment, or supplies** means that percentage of the property's acquisition costs and any improvement expenditures paid with Federal funds.

**Funding period** means the period of time when Federal funding is available for obligation by the recipient.

**Intangible property and debt instruments** means, but is not limited to, trademarks, copyrights, patents and patent applications and such property as loans, notes and other debt instruments, lease agreements, stock and other instruments of property ownership, whether considered tangible or intangible.

**Obligations** means the amounts of orders placed, contracts and grants awarded, services received and similar transactions during a given period that require payment by the recipient during the same or a future period.

**Outlays or expenditures** means charges made to the project or program. They may be reported on a cash or accrual basis. For reports prepared on a cash basis, outlays are the sum of cash disbursements for direct charges for goods and services, the amount of indirect expense charged, the value of third party in-kind contributions applied and the amount of cash advances and payments made to subrecipients. For reports prepared on an accrual basis, outlays are the sum of cash disbursements for direct charges for goods and services, the amount of indirect expense incurred, the value of in-kind contributions applied, and the net increase (or decrease) in the amounts owed by the recipient for goods and other property received, for services performed by employees, contractors, subrecipients and other payees and other amounts becoming owed under programs for which no current services or performance are required.

**Personal property** means property of any kind except real property. It may be tangible, having physical existence, or intangible, having no physical existence, such as copyrights, patents, or securities.

**Prior approval** means written approval by an authorized official evidencing prior consent.

**Program income** means gross income earned by the recipient that is directly generated by a supported activity or earned as a result of the award (see exclusions in §§ 226.24 (e) and (h)). Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under federally-funded projects, the sale of commodities or items fabricated under an award, license fees and royalties on patents and copyrights, and interest on loans made with award funds. Interest earned on advances of Federal funds is not program income. Except as otherwise provided in USAID regulations or the terms and conditions of the award, program income does not include the receipt of principal on loans, rebates, credits, discounts, etc., or interest earned on any of them.

**Project costs** means all allowable costs, as set forth in the applicable Federal cost principles, incurred by a recipient and the value of the contributions made by third parties in accomplishing the objectives of the award during the project period.

**Project period** means the period established in the award document during which Federal sponsorship begins and ends.

**Property** means, unless otherwise stated, real property, equipment, supplies, intangible property and debt instruments.

**Real Property** means land, including land improvements, structures and appurtenances thereto, but excludes movable machinery and equipment.

**Recipient** means an organization receiving a grant or cooperative agreement directly from USAID to carry out a project or program. The term includes the following types of U.S. organizations: public and private institutions of higher education; public and private hospitals; quasi-public and private non-profit organizations such as, but not limited to, community action agencies, research institutes, educational associations, and health centers; and commercial organizations. The term does not include government-owned contractor-operated facilities or research centers providing continued support for mission-oriented, large-scale programs that are government-owned or controlled, or are designated as federally-funded research and development centers.

**Research and development** means all research activities, both basic and applied, and all development activities that are supported at universities, colleges, and other non-profit institutions. "Research" is defined as a systematic study directed toward fuller

scientific knowledge or understanding of the subject studied. "Development" is the systematic use of knowledge and understanding gained from research directed toward the production of useful materials, devices, systems, or methods, including design and development of prototypes and processes. The term research also includes activities involving the training of individuals in research techniques where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction function.

**Small awards** means a grant or cooperative agreement not exceeding the small purchase threshold fixed at 41 U.S.C. 403(11).

**Subaward** means an award of financial assistance in the form of money, or property in lieu of money, made under an award by a recipient to an eligible subrecipient or by a subrecipient to a lower tier subrecipient. The term includes financial assistance when provided by any legal agreement, even if the agreement is called a contract, but does not include procurement of goods and services nor does it include any form of assistance which is excluded from the definition of "award" in this section.

**Subrecipient** means the legal entity to which a subaward is made and which is accountable to the recipient for the use of the funds provided.

**Supplier** means all personal property excluding equipment, intangible property, and debt instruments as defined in this section, and inventions of a contractor conceived or first actually reduced to practice in the performance of work under a funding agreement ("subject inventions"), as defined in 37 CFR part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts, and Cooperative Agreements."

**Suspension** means an action by USAID that temporarily withdraws Federal sponsorship under an award, pending corrective action by the recipient or pending a decision to terminate the award. Suspension of an award is a separate action from suspension under USAID regulations implementing E.O.s 12549 and 12689, "Debarment and Suspension." See 22 CFR Part 208.

**Termination** means the cancellation of USAID sponsorship, in whole or in part, under an agreement at any time prior to the date of completion.

**Third party in-kind contributions** means the value of non-cash contributions provided by non-Federal third parties. Third party in-kind

contributions may be in the form of real property, equipment, supplies and other expendable property, and the value of goods and services directly benefiting and specifically identifiable to the project or program.

*Unliquidated obligations*, for financial reports prepared on a cash basis, means the amount of obligations incurred by the recipient that have not been paid. For reports prepared on an accrued expenditure basis, they represent the amount of obligations incurred by the recipient for which an outlay has not been recorded.

*Unobligated balance* means the portion of the funds authorized by USAID that has not been obligated by the recipient and is determined by deducting the cumulative obligations from the cumulative funds authorized.

*Unrecovered indirect cost* means the difference between the amount awarded and the amount which could have been awarded under the recipient's approved negotiated indirect cost rate.

*USAID* means the United States Agency for International Development.

*Working capital advance* means a procedure whereby funds are advanced to the recipient to cover its estimated disbursement needs for a given initial period.

#### § 226.3 Effect on other issuances.

For awards subject to this part, all administrative requirements of codified program regulations, program manuals, handbooks and other nonregulatory materials which are inconsistent with the requirements of this part shall be superseded, except to the extent they are required by statute, or authorized in accordance with the deviations provision § 226.4.

#### § 226.4 Deviations.

The Office of Management and Budget (OMB) may grant exceptions for classes of grants or recipients subject to the requirements of this part when exceptions are not prohibited by statute. However, in the interest of maximum uniformity, exceptions from the requirements of this part shall be permitted only in unusual circumstances. USAID may apply more restrictive requirements to a class of recipients when approved by OMB. USAID may apply less restrictive requirements when awarding small awards, except for those requirements which are statutory. Exceptions on a case-by-case basis may also be made by the USAID Deputy Assistant Administrator for Management.

#### § 226.5 Subawards.

Unless sections of this part specifically exclude subrecipients from

coverage, the provisions of this part shall be applied to subrecipients if such subrecipients are organizations which, if receiving awards directly from USAID, would fall within the definition of recipients. State and local government subrecipients are subject to the provisions of regulations implementing the grants management common rule, "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments," as amended.

### Subpart B—Pre-award Requirements

#### § 226.10 Purpose.

Sections 226.11 through 226.17 prescribe forms and instructions and other pre-award matters to be used in applying for USAID awards.

#### § 226.11 Pre-award policies.

(a) *Use of Grants and Cooperative Agreements, and Contracts.* In each instance USAID shall decide on the appropriate award instrument (i.e., grant cooperative agreement or contract). The *Federal Grant and Cooperative Agreement Act* (31 U.S.C. 6301-08) governs the use of grants, cooperative agreements and contracts. A grant or cooperative agreement shall be used only when the principal purpose of a transaction is to accomplish a public purpose of support or stimulation authorized by Federal statute. The statutory criterion for choosing between grants and cooperative agreements is that for the latter, "substantial involvement is expected between the executive agency and the State, local government, or other recipient when carrying out the activity contemplated in the agreement." Contracts shall be used when the principal purpose is acquisition of property or services for the direct benefit or use of the Federal Government.

(b) *Public Notice and Priority Setting.* USAID shall notify the public of its intended funding priorities for discretionary grant programs, unless funding priorities are established by Federal statute.

#### § 226.12 Forms for applying for Federal assistance.

(a) USAID shall comply with the applicable report clearance requirements of 5 CFR part 1320, "Controlling Paperwork Burdens on the Public," with regard to all forms used in place of or as a supplement to the Standard Form 424 (SF-424) series.

(b) Applicants shall use the SF-424 series or those forms and instructions prescribed by USAID.

(c) For Federal programs covered by E.O. 12372, "Intergovernmental Review

of Federal Programs," the applicant shall complete the appropriate sections of the SF-424 (Application for Federal Assistance) indicating whether the application was subject to review by the State Single Point of Contact (SPOC). The name and address of the SPOC for a particular State can be obtained from the Federal awarding agency or the Catalog of Federal Domestic Assistance. The SPOC shall advise the applicant whether the program for which application is made has been selected by that State for review.

(d) Federal awarding agencies that do not use the SF-424 form should indicate whether the application is subject to review by the State under E.O. 12372.

#### § 226.13 Debarment and suspension.

USAID and recipients shall comply with the nonprocurement debarment and suspension common rule implementing E.O.s 12549 and 12689, "Debarment and Suspension," 22 CFR Part 208. This common rule restricts subawards and contracts with certain parties that are debarred, suspended or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

#### § 226.14 Special award conditions.

If an applicant or recipient: Has a history of poor performance, is not financially stable, has a management system that does not meet the standards prescribed in this part, has not conformed to the terms and conditions of a previous award, or is not otherwise responsible, the USAID Agreement Officer may impose additional requirements as needed, provided that such applicant or recipient is notified in writing as to: The nature of the additional requirements, the reason why the additional requirements are being imposed, the nature of the corrective action needed, the time allowed for completing the corrective actions, and the method for requesting reconsideration of the additional requirements imposed. Any special conditions will be promptly removed once the conditions that prompted them have been corrected.

#### § 226.15 Metric system of measurement.

(a) The Metric Conversion Act, as amended by the Omnibus Trade and Competitiveness Act (15 U.S.C. 205) declares that the metric system is the preferred measurement system for U.S. trade and commerce.

(b) Wherever measurements are required or authorized, they shall be made, computed, and recorded in metric system units of measurement, unless otherwise authorized by the

agreement officer in writing when it has been 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.

**§ 226.16 Resource Conservation and Recovery Act**

Under the Act, any U.S. State agency or agency of a political subdivision of a State which is using appropriated Federal funds must comply with Section 6002. Section 6002 requires that preference be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by the Environmental Protection Agency (EPA) (40 CFR parts 247-254). Accordingly, State and local institutions of higher education and hospitals that receive direct Federal awards or other Federal funds shall give preference in their procurement programs funded with Federal funds to the purchase of recycled products pursuant to the EPA guidelines.

**§ 226.17 Certifications and representations.**

Unless prohibited by statute or codified regulation, USAID may at some future date, allow recipients to submit certifications and representations required by statute, executive order, or regulation on an annual basis, if the recipients have ongoing and continuing relationships with the agency. Annual certifications and representations shall be signed by responsible officials with the authority to ensure recipients' compliance with the pertinent requirements.

**Subpart C—Post-Award Requirements  
Financial and Program Management**

**§ 226.20 Purpose of financial and program management.**

Sections 226.21 through 226.28 prescribe standards for financial management systems, methods for making payments and rules for: Satisfying cost sharing and matching requirements, accounting for program income, budget revision approvals, making audits, determining allowability of costs and establishing funds availability.

**§ 226.21 Standards for financial management systems.**

(a) Recipients shall relate financial data to performance data and develop unit cost information whenever practical.

(b) Recipients' financial management systems shall provide for the following:

(1) Accurate, current and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements set forth in § 226.52. While USAID requires reporting on an accrual basis, if the recipient maintains its records on other than an accrual basis, the recipient shall not be required to establish an accrual accounting system. These recipients may develop such accrual data for their reports on the basis of an analysis of the documentation on hand.

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

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

(4) Comparison of outlays with budget amounts for each award. Whenever appropriate, financial information should be related to performance and unit cost data.

(5) Written procedures to minimize the time elapsing between the transfer of funds to the recipient from the U.S. Treasury and the issuance or redemption of checks, warrants or payments by other means for program purposes by the recipient. To the extent that the provisions of the Cash Management Improvement Act (CMIA) (Pub. L. 101-453) govern, payment methods of State agencies, instrumentalities, and fiscal agents shall be consistent with CMIA Treasury-State Agreements or the CMIA default procedures codified at 31 CFR part 205, "Withdrawal of Cash from the Treasury for Advances under Federal Grant and Other Programs."

(6) Written procedures for determining the reasonableness, allocability and allowability of costs in accordance with the provisions of the applicable Federal cost principles and the terms and conditions of the award.

(7) Accounting records, including cost accounting records, that are supported by source documentation.

(c) Where the Federal Government guarantees or insures the repayment of money borrowed by the recipient, USAID, at its discretion, may require adequate bonding and insurance if the bonding and insurance requirements of the recipient are not deemed adequate to protect the interest of the Federal Government.

(d) USAID may require adequate fidelity bond coverage where the recipient lacks sufficient coverage to protect the Federal Government's interest.

(e) Where bonds are required in the situations described above, the bonds shall be obtained from companies holding certificates of authority as acceptable sureties, as prescribed in 31 CFR part 223, "Surety Companies Doing Business with the United States."

**§ 226.22 Payment**

(a) Payment methods shall minimize the time elapsing between the transfer of funds from the United States Treasury and the issuance or redemption of checks, warrants, or payment by other means by the recipients. Payment methods of State agencies or instrumentalities shall be consistent with Treasury-State CMLA agreements or default procedures codified at 31 CFR part 205.

(b)(1) Recipients will be paid in advance, provided they maintain or demonstrate the willingness to maintain:

(i) Written procedures that minimize the time elapsing between the transfer of funds and disbursement by the recipient, and

(ii) financial management systems that meet the standards for fund control and accountability as established in Section 226.21.

(2) Cash advances to a recipient organization shall be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the recipient organization in carrying out the purpose of the approved program or project. The timing and amount of cash advances shall be as close as is administratively feasible to the actual disbursements by the recipient organization for direct program or project costs and the proportionate share of any allowable indirect costs.

(c) Whenever possible, advances will be consolidated to cover anticipated cash needs for all awards made by USAID to the recipient.

(1) Advance payment mechanisms include, but are not limited to, USAID Letter of Credit, Treasury check and electronic funds transfer.

(2) Advance payment mechanisms are subject to 31 CFR part 205.

(3) Recipients will be authorized to submit requests for advances and reimbursements at least monthly when electronic fund transfers are not used.

(d) Requests for Treasury check advance payment shall be submitted on SF-270, "Request for Advance or Reimbursement," or other forms as may be authorized by OMB. This form is not to be used when Treasury check advance payments are made to the recipient automatically through the use of a predetermined payment schedule or if precluded by special USAID instructions for electronic funds transfer.

(e) Reimbursement is the preferred method when the requirements in paragraph (b) of this section cannot be met. USAID may also use this method on any construction agreement, or if the major portion of the construction project is accomplished through private market financing or Federal loans, and the Federal assistance constitutes a minor portion of the project.

(1) When the reimbursement method is used, USAID shall make payment within 30 days after receipt of the billing, unless the billing is improper.

(2) Recipients are authorized to submit a request for reimbursement at least monthly when electronic funds transfers are not used.

(f) If a recipient cannot meet the criteria for advance payments and USAID has determined that reimbursement is not feasible because the recipient lacks sufficient working capital, the USAID Agreement Officer may provide cash on a working capital advance basis. Under this procedure, USAID shall advance cash to the recipient to cover its estimated disbursement needs for an initial period generally geared to the recipient's disbursing cycle, normally 30 days. Thereafter, USAID shall reimburse the recipient for its actual cash disbursements. The working capital advance method of payment will not be used for recipients unwilling or unable to provide timely advances to their subrecipients to meet the subrecipients' actual cash disbursements.

(g) To the extent available, recipients shall disburse funds available from repayments to and interest earned on a revolving fund, program income, rebates, refunds, contract settlements, audit recoveries and interest earned on such funds before requesting additional cash payments. This paragraph is not applicable to such earnings which are generated as foreign currencies.

(h) Unless otherwise required by statute, USAID will not withhold

payments for proper charges made by recipients at any time during the project period unless:

(1) A recipient has failed to comply with the project objectives, the terms and conditions of the award, or Federal reporting requirements, or

(2) The recipient or subrecipient is delinquent in a debt to the United States as defined in OMB Circular A-129, "Managing Federal Credit Programs." Under such conditions, USAID may, upon reasonable notice, inform the recipient that payments shall not be made for obligations incurred after a specified date until the conditions are corrected or the indebtedness to the Federal Government is liquidated.

(i) Standards governing the use of banks and other institutions as depositories of funds advanced under awards are as follows.

(1) Except for situations described in paragraph (i)(2) of this section, or as otherwise provided in USAID regulations or implementing guidance governing endowment funds, USAID does not require separate depository accounts for funds provided to a recipient or establish any eligibility requirements for depositories for funds provided to a recipient. However, recipients must be able to account for the receipt, obligation and expenditure of funds.

(2) Advances of Federal funds shall be deposited and maintained in insured accounts whenever possible.

(j) Consistent with the national goal of expanding the opportunities for women-owned and minority-owned business enterprises, recipients are encouraged to use women-owned and minority-owned banks (a bank which is owned at least 50 percent by women or minority group members).

(k) Recipients shall maintain advances of Federal funds in interest bearing accounts, unless:

(1) The recipient receives less than \$120,000 in Federal awards per year,

(2) The best reasonably available interest bearing account would not be expected to earn interest in excess of \$250 per year on Federal cash balances, or

(3) The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.

(l) Except as otherwise provided in the terms and conditions of the award in accordance with USAID regulations or other implementing guidance, for those entities where CMIA and its implementing regulations do not apply, interest earned on Federal advances deposited in interest bearing accounts

shall be remitted annually to Department of Health and Human Services, Payment Management System, Rockville, MD 20852. Interest amounts up to \$250 per year may be retained by the recipient for administrative expense. State universities and hospitals shall comply with CMIA, as it pertains to interest. If an entity subject to CMIA uses its own funds to pay pre-award costs for discretionary awards without prior written approval from the Federal awarding agency, it waives its right to recover the interest under CMIA.

(m) Except as noted elsewhere in this part, only the following forms shall be authorized for the recipients in requesting advances and reimbursements. USAID shall not require more than an original and two copies of these forms.

(1) The SF-270, Request for Advance or Reimbursement, is the standard form for all nonconstruction programs when electronic funds transfer or predetermined advance methods are not used. USAID has the option of using this form for construction programs in lieu of the SF-271, "Outlay Report and Request for Reimbursement for Construction Programs."

(2) The SF-271, Outlay Report and Request for Reimbursement for Construction Programs, is the standard form to be used for requesting reimbursement for construction programs. However, USAID may substitute the SF-270 when it determines that it provides adequate information to meet Federal needs.

#### § 226.23 Cost sharing or matching.

(a) All contributions, including cash and third party in-kind, shall be accepted as part of the recipient's cost sharing or matching when such contributions meet all of the following criteria.

(1) Are verifiable from the recipient's records.

(2) Are not included as contributions for any other federally-assisted project or program.

(3) Are necessary and reasonable for proper and efficient accomplishment of project or program objectives.

(4) Are allowable under the applicable cost principles.

(5) Are not paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching.

(6) Are provided for in the approved budget.

(7) Conform to other provisions of this part, as applicable.

(b) Unrecovered indirect costs may be included as part of cost sharing or matching.

(c) Values for recipient contributions of services and property shall be established in accordance with the applicable cost principles. If USAID authorizes recipients to donate buildings or land for construction/facilities acquisition projects or long-term use, the value of the donated property for cost sharing or matching shall be the lesser of:

(1) The certified value of the remaining life of the property recorded in the recipient's accounting records at the time of donation, or

(2) The current fair market value. However, when there is sufficient justification, the USAID Agreement Officer may approve the use of the current fair market value of the donated property, even if it exceeds the certified value at the time of donation to the project.

(d) Volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as cost sharing or matching if the service is an integral and necessary part of an approved project or program. Rates for volunteer services shall be consistent with those paid for similar work in the recipient's organizations. In those instances in which the required skills are not found in the recipient organization, rates shall be consistent with those paid for similar work in the labor market in which the recipient competes for the kind of services involved. In either case, paid fringe benefits that are reasonable, allowable, and allocable may be included in the valuation.

(e) When an employer other than the recipient furnishes the services of an employee, these services shall be valued at the employee's regular rate of pay (plus an amount of fringe benefits that are reasonable, allowable, and allocable, but exclusive of overhead costs), provided these services are in the same skill for which the employee is normally paid.

(f) Donated supplies may include such items as expendable equipment, office supplies, laboratory supplies or workshop and classroom supplies. Value assessed to donated supplies included in the cost sharing or matching share shall be reasonable and shall not exceed the fair market value of the property at the time of the donation.

(g) The method used for determining cost sharing or matching for donated equipment, buildings and land for which title passes to the recipient may

differ according to the purpose of the award, if:

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

(2) If the purpose of the award is to support activities that require the use of equipment, buildings or land, normally only depreciation or use charges for equipment and buildings may be made. However, the full value of equipment or other capital assets and fair rental charges for land may be allowed, provided that the USAID Agreement Officer has approved the charges.

(h) The value of donated property shall be determined in accordance with the usual accounting policies of the recipient, with the following qualifications.

(1) The value of donated land and buildings shall not exceed its fair market value at the time of donation to the recipient as established by an independent appraiser (e.g., certified real property appraiser or General Services Administration representative) and certified by a responsible official of the recipient.

(2) The value of donated equipment shall not exceed the fair market value of equipment of the same age and condition at the time of donation.

(3) 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.

(4) The value of loaned equipment shall not exceed its fair rental value.

(i) The following requirements pertain to the recipient's supporting records for in-kind contributions from third parties.

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

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

#### § 226.24 Program Income.

(a) Recipients shall apply the standards set forth in this section to account for program income related to projects financed in whole or in part with Federal funds.

(b) Except as provided in paragraph (h) of this section, program income earned during the project period shall be retained by the recipient and, in accordance with USAID regulations, other implementing guidance, or the terms and conditions of the award, shall

be used in one or more of the following ways:

(1) Added to funds committed by USAID and the recipient to the project or program, and used to further eligible project or program objectives.

(2) Used to finance the non-Federal share of the project or program.

(3) Deducted from the total project or program allowable cost in determining the net allowable costs on which the Federal share of costs is based.

(c) When the agreement authorizes the disposition of program income as described in paragraph (b)(1) or (b)(2) of this section, program income in excess of any limits stipulated shall be used in accordance with paragraph (b)(3) of this section.

(d) If the terms and conditions of the award do not specify how program income is to be used, paragraph (b)(3) of this section shall apply automatically to all projects or programs except research. For awards that support research, paragraph (b)(1) of this section shall apply automatically unless the terms and conditions of the award provide another alternative, or the recipient is subject to special award conditions, as indicated in § 226.14. Recipients which are commercial organizations may not apply paragraph (b)(1) of this section, in accordance with § 226.82 of this part.

(e) Unless the terms and conditions of the award provide otherwise, recipients shall have no obligation to the Federal Government regarding program income earned after the end of the project period.

(f) Costs incident to the generation of program income may be deducted from gross income to determine program income, provided these costs have not been charged to the award and they comply with the cost principles applicable to the award funds.

(g) Proceeds from the sale of property shall be handled in accordance with the requirements of the Property Standards (See §§ 226.30 through 226.37).

(h) Unless the terms and conditions of the award provide otherwise, recipients shall have no obligation to the Federal Government with respect to program income earned from license fees and royalties for copyrighted material, patents, patent applications, trademarks, and inventions produced under an award. However, Patent and Trademark Amendments (35 U.S.C. 18) apply to inventions made under an experimental, developmental, or research award.

#### § 226.25 Revision of budget and program plans.

(a) The budget plan is the financial expression of the project or program as approved during the award process. It

may include either the sum of the Federal and non-Federal shares, or only the Federal share, depending upon USAID requirements as reflected in the terms and conditions of the agreement. It shall be related to performance for program evaluation purposes whenever appropriate.

(b) Recipients are required to report deviations from budget and program plans, and request prior approvals for budget and program plan revisions, in accordance with this section.

(c) For nonconstruction awards, recipients shall request prior approvals from the USAID Agreement Officer for one or more of the following program or budget related reasons:

(1) Change in the scope or the objective of the project or program (even if there is no associated budget revision requiring prior written approval).

(2) Change in a key person specified in the application or award document.

(3) The absence for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator.

(4) The need for additional Federal funding.

(5) The transfer of amounts budgeted for indirect costs to absorb increases in direct costs, or vice versa.

(6) The inclusion, unless waived in the agreement by USAID, of costs that require prior approval in accordance with OMB Circular A-21, "Cost Principles for Institutions of Higher Education," OMB Circular A-122, "Cost Principles for Non-Profit Organizations," or 45 CFR part 74, Appendix E, "Principles for Determining Costs Applicable to Research and Development under Grants and Contracts with Hospitals," or 48 CFR part 31, "Contract Cost Principles and Procedures," as applicable.

(7) The transfer of funds allotted for training allowances (direct payment to trainees) to other categories of expense.

(8) Unless described in the application and funded in the approved budget of the award, the subaward, transfer or contracting out of any work under an award. This provision does not apply to the purchase of supplies, material, equipment or general support services.

(d) No other prior approval requirements for specific items may be imposed unless a deviation has been approved by OMB.

(e) USAID may waive cost-related and administrative prior written approvals required by this part and OMB Circulars A-21 and A-122, except for requirements listed in paragraphs (c)(1)

and (c)(4) of this section. Such waivers may authorize recipients to do any one or more of the following:

(1) Incur pre-award costs 90 calendar days prior to award or more than 90 calendar days with the prior approval of the USAID Agreement Officer. All pre-award costs are incurred at the recipient's risk (i.e., USAID is under no obligation to reimburse such costs if for any reason the recipient does not receive an award or if the award is less than anticipated and inadequate to cover such costs).

(2) Initiate a one-time extension of the expiration date of the award of up to 12 months. For one-time extensions, the recipient must notify the USAID Agreement Officer in writing, with the supporting reasons and revised expiration date, at least 10 days before the expiration date specified in the award. This one-time extension may not be exercised merely for the purpose of using unobligated balances. The recipient may initiate a one-time extension unless one or more of the following conditions apply:

(i) The terms and conditions of award prohibit the extension.

(ii) The extension requires additional Federal funds.

(iii) The extension involves any change in the approved objectives or scope of the project.

(3) Carry forward unobligated balances to subsequent funding periods.

(4) Except for awards under Section 226.14 and Subpart E of this part, for awards that support research, unless USAID provides otherwise in the award or in its regulations or other implementing guidance, the prior approval requirements described in paragraphs (e) (1) through (3) of this section are automatically waived (i.e., recipients need not obtain such prior approvals) unless one of the conditions included in paragraph (e)(2) of this section applies.

(f) USAID may, at its option, restrict the transfer of funds among direct cost categories or programs, functions and activities for awards in which the Federal share of the project exceeds \$100,000 and the cumulative amount of such transfers exceeds or is expected to exceed 10 percent of the total budget as last approved by the USAID Agreement Officer. USAID shall not permit a transfer that would cause any Federal appropriation or part thereof to be used for purposes other than those consistent with the original intent of the appropriation.

(g) All other changes to non-construction budgets, except for the changes described in paragraph (j) of

this section, do not require prior approval.

(h) For construction awards, recipients shall request prior written approval promptly from the USAID Agreement Officer for budget revisions whenever:

(1) The revision results from changes in the scope or the objective of the project or program.

(2) The need arises for additional Federal funds to complete the project, or

(3) A revision is desired which involves specific costs for which prior written approval requirements may be imposed consistent with the applicable cost principles listed in § 226.27.

(i) No other prior approval requirements for specific items may be imposed unless a deviation has been approved by OMB.

(j) When USAID makes an award that provides support for both construction and nonconstruction work, the USAID Agreement Officer may require the recipient to request prior approval before making any fund or budget transfers between the two types of work supported.

(k) For both construction and nonconstruction awards, recipients shall notify the USAID Agreement Officer in writing promptly whenever the amount of Federal authorized funds is expected to exceed the needs of the recipient for the project period by more than \$5000 or five percent of the Federal award, whichever is greater. This notification shall not be required if an application for additional funding is submitted for a continuation award.

(l) When requesting approval for budget revisions, recipients shall use the budget forms that were used in the application unless the USAID Agreement Officer indicates a letter of request suffices.

(m) Within 30 calendar days from the date of receipt of the request for budget revisions, the USAID Agreement Officer shall review the request and notify the recipient whether the budget revisions have been approved. If the revision is still under consideration at the end of 30 calendar days, the USAID Agreement Officer shall inform the recipient in writing of the date when the recipient may expect the decision.

#### § 226.26 Non-Federal audits.

(a) Recipients and subrecipients shall be subject to the audit requirements contained in OMB Circular A-133, "Audits of Institutions of Higher Education and Other Non-Profit Institutions."

(b) State and local governments shall be subject to the audit requirements contained in the Single Audit Act (31

U.S.C. 7501-7) and Federal awarding agency regulations implementing OMB Circular A-128, "Audits of State and Local Governments."

(c) Hospitals not covered by the audit provisions of OMB Circular A-133 shall be subject to the audit requirements of USAID.

(d) Commercial organizations shall be subject to the audit requirements of USAID or the prime recipient as incorporated in the award document.

#### § 226.27 Allowable costs.

For each kind of recipient, there is a set of Federal principles for determining allowable costs. Allowability of costs shall be determined by the Agreement Officer in accordance with the cost principles applicable to the entity incurring the costs. Thus, allowability of costs incurred by State, local or federally-recognized Indian tribal governments is determined in accordance with the provisions of OMB Circular A-87, "Cost Principles for State and Local Governments." The allowability of costs incurred by non-profit organizations is determined in accordance with the provisions of OMB Circular A-122, "Cost Principles for Non-Profit Organizations." The allowability of costs incurred by institutions of higher education is determined in accordance with the provisions of OMB Circular A-21, "Cost Principles for Educational Institutions." The allowability of costs incurred by hospitals is determined in accordance with the provisions of Appendix E of 45 CFR part 74, "Principles for Determining Costs Applicable to Research and Development Under Grants and Contracts with Hospitals." The allowability of costs incurred by commercial organizations and those non-profit organizations listed in Attachment C to Circular A-122 is determined in accordance with the provisions of the Federal Acquisition Regulation (FAR) at 48 CFR part 31.

#### § 226.28 Period of availability of funds.

Where a funding period is specified, a recipient may charge to the award only allowable costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the USAID Agreement Officer.

#### Property Standards

##### § 226.30 Purpose of property standards.

Sections 226.31 through 226.37 set forth uniform standards governing management and or disposition of property furnished by the Federal Government or whose cost was charged to a project supported by a Federal

award. USAID shall not impose additional requirements unless specifically required by statute. The recipient may use its own property management standards and procedures provided it observes the provisions of §§ 226.31 through 226.37.

##### § 226.31 Insurance coverage.

Recipients shall, at a minimum, provide the equivalent insurance coverage for real property and equipment acquired with Federal funds as provided to property owned by the recipient. Federally-owned property need not be insured unless required by the terms and conditions of the award.

##### § 226.32 Real property.

(a) Unless the agreement provides otherwise, title to real property shall vest in the recipient subject to the condition that the recipient shall use the real property for the authorized purpose of the project as long as it is needed and shall not encumber the property without approval of the Agreement Officer.

(b) The recipient shall obtain written approval from the Agreement Officer for the use of real property in other federally-sponsored projects when the recipient determines that the property is no longer needed for the purpose of the original project. Use in other projects shall be limited to those under federally-sponsored projects (i.e., awards) or programs that have purposes consistent with those authorized for support by USAID.

(c) When the real property is no longer needed as provided in paragraphs (a) and (b) of this section, the recipient shall request disposition instructions from the Agreement Officer. The Agreement Officer will give one or more of the following disposition instructions:

(1) The recipient may be permitted to retain title without further obligation to the Federal Government after it compensates the Federal Government for that percentage of the current fair market value of the property attributable to the Federal participation in the project.

(2) The recipient may be directed to sell the property under guidelines provided by USAID and pay the Federal Government for that percentage of the current fair market value of the property attributable to the Federal participation in the project (after deducting actual and reasonable selling and fix-up expenses, if any, from the sales proceeds). When the recipient 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.

(3) The recipient may be directed to transfer title to the property to the Federal Government or to an eligible third party provided that, in such cases, the recipient shall be entitled to compensation for its attributable percentage of the current fair market value of the property.

##### § 226.33 Federally-owned and exempt property.

(a) *Federally-owned property.* (1) Title to federally-owned property remains vested in the Federal Government. Recipients shall submit annually an inventory listing of federally-owned property in their custody to USAID. Upon completion of the award or when the property is no longer needed, the recipient shall report the property to USAID for further Federal agency utilization.

(2) If USAID has no further need for the property, it shall be declared excess and reported to the General Services Administration, unless USAID has statutory authority to dispose of the property by alternative methods (e.g., the authority provided by the Federal Technology Transfer Act (15 U.S.C. 3710(i)) to donate research equipment to educational and non-profit organizations in accordance with E.O. 12621, "Improving Mathematics and Science Education in Support of the National Education Goals.") Appropriate instructions shall be issued to the recipient by USAID.

(b) *Exempt property.* When statutory authority exists, USAID has the option to vest title to property acquired with Federal funds in the recipient without further obligation to the Federal Government and under conditions USAID considers appropriate. Such property is "exempt property" (see definition in § 226.2). Should USAID not establish conditions, title to exempt property upon acquisition shall vest in the recipient without further obligation to the Federal Government.

##### § 226.34 Equipment.

(a) Unless the agreement provides otherwise, title to equipment acquired by a recipient with Federal funds shall vest in the recipient, subject to conditions of this part.

(b) The recipient shall not use equipment acquired with Federal funds to provide services to non-Federal outside organizations for a fee that is less than private companies charge for equivalent services, unless specifically authorized by Federal statute, for as long as the Federal Government retains an interest in the equipment.

(c) The recipient shall use the equipment in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds and shall not encumber the property without approval of USAID. When no longer needed for the original project or program, the recipient shall use the equipment in connection with its other federally-sponsored activities, in the following order of priority:

(1) Activities sponsored by USAID, then

(2) Activities sponsored by other Federal agencies.

(d) During the time that equipment is used on the project or program for which it was acquired, the recipient shall make it available for use on other projects or programs if such other use will not interfere with the work on the project or program for which the equipment was originally acquired. First preference for such other use shall be given to other projects or programs sponsored by USAID; second preference shall be given to projects or programs sponsored by other Federal agencies. If the equipment is owned by the Federal Government, use on other activities not sponsored by the Federal Government shall be permissible if authorized by USAID. User charges shall be treated as program income.

(e) When acquiring replacement equipment, the recipient may use the equipment to be replaced as trade-in or sell the equipment and use the proceeds to offset the costs of the replacement equipment subject to the approval of USAID.

(f) The recipient's property management standards for equipment acquired with Federal funds and federally-owned equipment shall include all of the following:

(1) Equipment records shall be maintained accurately and shall include the following information:

(i) A description of the equipment.

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

(iii) Source of the equipment, including the award number.

(iv) Whether title vests in the recipient, the Federal Government, or other specified entity.

(v) Acquisition date (or date received, if the equipment was furnished by the Federal Government) and cost.

(vi) Information from which one can calculate the percentage of Federal participation in the cost of the equipment (not applicable to equipment furnished by the Federal Government).

(vii) Location and condition of the equipment 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 a recipient compensates USAID for its share.

(2) Equipment owned by the Federal Government shall be identified to indicate Federal ownership.

(3) A physical inventory of equipment shall be taken and the results reconciled with the equipment 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 recipient shall, in connection with the inventory, verify the existence, current utilization, and continued need for the equipment.

(4) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented; if the equipment was owned by the Federal Government, the recipient shall promptly notify the Federal awarding agency with whose funds the equipment was purchased.

(5) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

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

(g) When the recipient no longer needs the equipment, the equipment may be used for other activities in accordance with the following standards. For equipment with a current per unit fair market value of \$5000 or more, the recipient may retain the equipment for other uses provided that compensation is made to the original Federal awarding agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value of the equipment. If the recipient has no need for USAID-financed equipment, the recipient shall request disposition instructions from the Agreement Officer. USAID shall determine whether the equipment can be used to meet the agency's requirements. If no requirement exists within USAID, the availability of the equipment shall be reported to the General Services

Administration to determine whether a requirement for the equipment exists in other Federal agencies. The USAID Agreement Officer shall issue instructions to the recipient no later than 120 calendar days after the recipient's request and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the recipient's request, the recipient shall sell the equipment and reimburse USAID an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the recipient shall be permitted to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for the recipient's selling and handling expenses.

(2) If the recipient is instructed to ship the equipment elsewhere, the recipient shall be reimbursed by the Federal Government by an amount which is computed by applying the percentage of the recipient's participation in the cost of the original project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.

(3) If the recipient is instructed to otherwise dispose of the equipment, the recipient will be reimbursed by USAID for such costs incurred in its disposition.

(h) USAID reserves the right to transfer the title to the Federal Government or to a third party named by the Federal Government when such third party is otherwise eligible under existing statutes. Such transfer shall be subject to the following standards:

(1) The equipment shall be appropriately identified in the award or otherwise made known to the recipient in writing.

(2) USAID shall issue disposition instructions within 120 calendar days after receipt of a final inventory. The final inventory shall list all equipment acquired with award funds and federally-owned equipment. If USAID fails to issue disposition instructions within the 120 calendar day period, the recipient shall apply the standards of this section, as appropriate.

(3) When USAID exercises its right to take title, the equipment shall be subject to the provisions for federally-owned equipment.

§ 226.35 Supplies and other expendable equipment

(a) Title to supplies and other expendable equipment shall vest in the recipient upon acquisition. If there is a

residual inventory of unused supplies exceeding \$5000 in total aggregate value upon termination or completion of the project or program and the supplies are not needed for any other federally-sponsored project or program, the recipient shall retain the supplies for use on non-Federal sponsored activities or sell them, but shall, in either case, compensate the Federal Government for its share. The amount of compensation shall be computed in the same manner as for equipment.

(b) The recipient shall not use supplies acquired with Federal funds to provide services to non-Federal outside organizations for a fee that is less than private companies charge for equivalent services, unless specifically authorized by Federal statute as long as the Federal Government retains an interest in the supplies.

#### § 226.36 Intangible property.

(a) The recipient may copyright any work that is subject to copyright and was developed, or for which ownership was purchased, under an award. USAID reserves a royalty-free, nonexclusive and irrevocable right to reproduce, publish, or otherwise use the work for Federal purposes, and to authorize others to do so.

(b) Recipients are subject to applicable regulations governing patents and inventions, including government-wide regulations issued by the Department of Commerce at 37 CFR part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements."

(c) Unless waived by USAID, the Federal Government has the right to:

- (1) Obtain, reproduce, publish or otherwise use the data first produced under an award; and
- (2) Authorize others to receive, reproduce, publish, or otherwise use such data for Federal purposes.

(d) Title to intangible property and debt instruments acquired under an award or subaward vests upon acquisition in the recipient. The recipient shall use that property for the originally-authorized purpose, and the recipient shall not encumber the property without approval of USAID. When no longer needed for the originally authorized purpose, disposition of the intangible property shall occur in accordance with the provisions of § 226.34(g).

#### § 226.37 Property trust relationship.

Real property, equipment, intangible property and debt instruments that are acquired or improved with Federal

funds shall be held in trust by the recipient as trustee for the beneficiaries of the project or program under which the property was acquired or improved. Recipients shall record liens or other appropriate notices of record to indicate that personal or real property has been acquired, improved or constructed with Federal funds and that use and disposition conditions apply to the property.

#### Procurement Standards

##### § 226.40 Purpose of procurement standards.

Sections 226.41 through 226.48 set forth standards for use by recipients in establishing procedures for the procurement of supplies and other expendable property, equipment, real property and other services with Federal funds. These standards are furnished to ensure that such materials and services are obtained in an effective manner and in compliance with the provisions of applicable Federal statutes and executive orders. No additional procurement standards or requirements shall be imposed by USAID upon recipients, unless specifically required by Federal statute or executive order or approved by OMB.

##### § 226.41 Recipient responsibilities.

The standards contained in this section do not relieve the recipient of the contractual responsibilities arising under its contract(s). The recipient is the responsible authority, without recourse to USAID, regarding the settlement and satisfaction of all contractual and administrative issues arising out of procurements entered into in support of an award or other agreement. This includes disputes, claims, protests of award, source evaluation or other matters of a contractual nature. Matters concerning violation of statute are to be referred to such Federal, State or local authority as may have proper jurisdiction.

##### § 226.42 Codes of conduct.

The recipient shall maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts. No employee, officer, or agent shall participate in the selection, award, or administration of a contract supported by Federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest

in the firm selected for an award. The officers, employees, and agents of the recipient shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to subagreements. However, recipients may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the recipient.

##### § 226.43 Competition.

All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. The recipient shall be alert to organizational conflicts of interest as well as 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 shall be excluded from competing for such procurements. Awards shall be made to the bidder or offeror whose bid or offer is responsive to the solicitation and is most advantageous to the recipient, price, quality and other factors considered. Solicitations shall clearly establish all requirements that the bidder or offeror shall fulfill in order for the bid or offer to be evaluated by the recipient. Any and all bids or offers may be rejected when it is in the recipient's interest to do so.

##### § 226.44 Procurement procedures.

(a) All recipients shall establish written procurement procedures. These procedures shall provide, at a minimum, that:

- (1) Recipients avoid purchasing unnecessary items.
- (2) Where appropriate, an analysis is made of lease and purchase alternatives to determine which would be the most economical and practical procurement for the Federal Government, and
- (3) Solicitations for goods and services provide for all of the following:
  - (i) A clear and accurate description of the technical requirements for the material, product or service to be procured. In competitive procurements, such a description shall not contain features which unduly restrict competition.
  - (ii) Requirements which the bidder/offeror must fulfill and all other factors

to be used in evaluating bids or proposals.

(iii) A description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards.

(iv) The specific features of "brand name or equal" descriptions that bidders are required to meet when such items are included in the solicitation.

(v) The acceptance, to the extent practicable and economically feasible, of products and services dimensioned in the metric system of measurement.

(vi) Preference, to the extent practicable and economically feasible, for products and services that conserve natural resources and protect the environment and are energy efficient.

(b) Positive efforts shall be made by recipients to utilize small businesses, minority-owned firms, and women's business enterprises, whenever possible. Recipients of USAID awards shall take all of the following steps to further this goal.

(1) Ensure that small businesses, minority-owned firms, and women's business enterprises are used to the fullest extent practicable.

(2) Make information on forthcoming opportunities available and arrange time frames for purchases and contracts to encourage and facilitate participation by small businesses, minority-owned firms, and women's business enterprises. To permit USAID, 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 the award, the recipient shall to the maximum extent possible provide the following information to the Office of Small Disadvantaged Business Utilization (OSDBU/MRC), USAID Washington, DC 20523, at least 45 days prior to placing any order or contract in excess of the small purchase threshold:

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

(3) Consider in the contract process whether firms competing for larger contracts intend to subcontract with small businesses, minority-owned firms, and women's business enterprises.

(4) Encourage contracting with consortiums of small businesses, minority-owned firms and women's business enterprises when a contract is too large for one of these firms to handle individually.

(5) Use the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Department of Commerce's Minority Business Development Agency in the solicitation and utilization of small businesses, minority-owned firms and women's business enterprises.

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

(d) Contracts shall be made only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of the 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. In certain circumstances, contracts with certain parties are restricted by agencies' implementation of E.O.s 12549 and 12689, "Debarment and Suspension."

(e) Recipients shall, on request, make available for USAID, pre-award review and procurement documents, such as request for proposals or invitations for bids, independent cost estimates, etc., when any of the following conditions apply.

(1) A recipient's procurement procedures or operation fails to comply with the procurement standards in this part.

(2) The procurement is expected to exceed the small purchase threshold fixed at 41 U.S.C. 403(11) and is to be awarded without competition or only one bid or offer is received in response to a solicitation.

(3) The procurement, which is expected to exceed the small purchase threshold, specifies a "brand name" product.

(4) The proposed award over the small purchase threshold is to be awarded to other than the apparent low bidder under a sealed bid procurement.

(5) A proposed contract modification changes the scope of a contract or increases the contract amount by more than the amount of the small purchase threshold.

#### § 226.45 Cost and price analysis.

Some form of cost or price analysis shall be made and documented in the procurement files 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.

#### § 226.46 Procurement records.

Procurement records and files for purchases in excess of the small purchase threshold shall include the following at a minimum:

- (a) Basis for contractor selection,
- (b) Justification for lack of competition when competitive bids or offers are not obtained, and
- (c) Basis for award cost or price.

#### § 226.47 Contract administration.

A system for contract administration shall be maintained to ensure contractor conformance with the terms, conditions and specifications of the contract and to ensure adequate and timely follow up of all purchases. Recipients shall evaluate contractor performance and document, as appropriate, whether contractors have met the terms, conditions and specifications of the contract.

#### § 226.48 Contract provisions.

The recipient shall include, in addition to provisions to define a sound and complete agreement, the following provisions in all contracts. The following provisions shall also be applied to subcontracts.

(a) Contracts in excess of the small purchase threshold shall contain contractual provisions or conditions that allow for administrative, contractual, or legal remedies in instances in which a contractor violates or breaches the contract terms, and provide for such remedial actions as may be appropriate.

(b) All contracts in excess of the small purchase threshold shall contain suitable provisions for termination by the recipient, including the manner by which termination shall 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.

(c) Except as otherwise required by statute, an award (that requires the contracting (or subcontracting) for construction or facility improvements shall provide for the recipient to follow its own requirements relating to bid guarantees, performance bonds, and payment bonds unless the construction

contract or subcontract exceeds \$100,000. For those contracts or subcontracts exceeding \$100,000, the USAID Agreement Officer may accept the bonding policy and requirements of the recipient, provided that USAID determines that the Federal Government's interest is adequately protected. In making this determination for contract or subcontracts to be performed overseas, the Agreement Officer shall take into consideration any established local practices relating to security. If such a determination has not been made, the minimum requirements shall be as follows.

(1) A bid guarantee from each bidder equivalent to five percent of the bid price. The "bid guarantee" shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder shall, upon acceptance of its bid, execute such contractual documents as may be required within the time specified.

(2) A performance bond on the part of the contractor for 100 percent of the contract price. A "performance bond" is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.

(3) A payment bond on the part of the contractor for 100 percent of the contract price. A "payment bond" is one executed in connection with a contract to assure payment as required by statute of all persons supplying labor and material in the execution of the work provided for in the contract.

(4) Where bonds are required, the bonds shall be obtained from companies holding certificates of authority as acceptable sureties pursuant to 31 CFR part 223, "Surety Companies Doing Business with the United States."

(d) All negotiated contracts (except those for less than the small purchase threshold) awarded by recipients shall include a provision to the effect that the recipient, USAID, 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 a specific program for the purpose of making audits, examinations, excerpts and transcriptions.

(e) All contracts, including small purchases, awarded by recipients and their contractors shall contain the procurement provisions of Appendix A to this part, as applicable. Whenever a provision is required to be inserted in a contract under an agreement, the recipient shall insert a statement in the contract that in all instances where the

U.S. Government or USAID is mentioned, the recipient's name shall be substituted.

#### § 226.49 USAID-Specific procurement requirements

Procurement requirements which are applicable to USAID because of statute and regulation are in Subpart C.

#### Reports and Records

##### § 226.50 Purpose of reports and records.

Sections 226.51 through 226.53 establish the procedures for monitoring and reporting on the recipient's financial and program performance and the necessary standard reporting forms. They also set forth record retention requirements.

##### § 226.51 Monitoring and reporting program performance.

(a) Recipients are responsible for managing and monitoring each project, program, subaward, function or activity supported by the award. Recipients shall monitor subawards to ensure subrecipients have met the audit requirements as delineated in Section 226.26.

(b) The terms and conditions of the agreement will prescribe the frequency with which the performance reports shall be submitted. Except as provided in paragraph 226.51(f), performance reports will not be required more frequently than quarterly or, less frequently than annually. Annual reports shall be due 90 calendar days after the award year; quarterly or semi-annual reports shall be due 30 days after the reporting period. USAID may require annual reports before the anniversary dates of multiple year awards in lieu of these requirements. The final performance reports are due 90 calendar days after the expiration or termination of the award.

(c) If inappropriate, a final technical or performance report shall not be required after completion of the project.

(d) Performance reports shall generally contain, for each award, brief information on each of the following:

(1) A comparison of actual accomplishments with the goals and objectives established for the period, the findings of the investigator, or both. Whenever appropriate and the output of programs or projects can be readily quantified, such quantitative data should be related to cost data for computation of unit costs.

(2) Reasons why established goals were not met, if appropriate.

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

(e) Recipients shall submit the original and two copies of performance reports.

(f) Recipients shall immediately notify USAID of developments that have a significant impact on the award-supported activities. Also, notification shall be given in the case of problems, delays, or adverse conditions which materially impair the ability to meet the objectives of the award. This notification shall include a statement of the action taken or contemplated, and any assistance needed to resolve the situation.

(g) USAID may make site visits, as needed.

(h) USAID shall comply with clearance requirements of 5 CFR part 1320 when requesting performance data from recipients.

##### § 226.52 Financial reporting.

(a) The following forms are used for obtaining financial information from recipients.

(1) SF-269 or SF-269A, Financial Status Report.

(i) USAID will require recipients to use either the SF-269 or SF-269A to report the status of funds for all nonconstruction projects or programs. The type of form required will be established in the award. USAID may, however, have the option of not requiring the SF-269 or SF-269A when the SF-270, Request for Advance or Reimbursement, or SF-272, Report of Federal Cash Transactions, is determined to provide adequate information to meet its needs, except that a final SF-269 or SF-269A shall be required at the completion of the project when the SF-270 is used only for advances.

(ii) The type of reporting required will be established in the agreement. If USAID requires accrual information and the recipient's accounting records are not normally kept on the accrual basis, the recipient 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.

(iii) USAID will determine the frequency of the Financial Status Report for each project or program, considering the size and complexity of the particular project or program. The frequency of reports will be established in the agreement. However, the report shall not be required more frequently than quarterly or less frequently than annually. A final report shall be required at the completion of the agreement.

(iv) Recipients shall submit the SF-269 or SF-269A (an original and two

copies) no later than 30 days after the end of each specified reporting period for quarterly and semi-annual reports, and 90 calendar days for annual and final reports. Extensions of reporting due dates may be approved by USAID upon request of the recipient.

**(2) SF-272, Report of Federal Cash Transactions.**

(i) When funds are advanced to recipients USAID shall require each recipient to submit the SF-272 and, when necessary, its continuation sheet, SF-272a. USAID shall use this report to monitor cash advanced to recipients and to obtain disbursement information for each agreement with the recipients.

(ii) USAID may require forecasts of Federal cash requirements in the "Remarks" section of the report.

(iii) When practical and deemed necessary, USAID may require recipients to report in the "Remarks" section the amount of cash advances received in excess of three days. Recipients shall provide short narrative explanations of actions taken to reduce the excess balances.

(iv) Recipients shall be required to submit not more than the original and two copies of the SF-272 15 calendar days following the end of each quarter. USAID may require a monthly report from those recipients receiving advances totaling \$1 million or more per year.

(v) USAID may waive the requirement for submission of the SF-272 for any one of the following reasons:

(A) When monthly advances do not exceed \$25,000 per recipient, provided that such advances are monitored through other forms contained in this section;

(B) If, in USAID's opinion, the recipient's accounting controls are adequate to minimize excessive Federal advances; or,

(C) When the electronic payment mechanisms provide adequate data.

(b) When USAID needs additional information or more frequent reports, the following shall be observed.

(1) When additional information is needed to comply with legislative requirements, USAID shall issue instructions to require recipients to submit such information under the "Remarks" section of the reports.

(2) When USAID determines that a recipient's accounting system does not meet the standards in Section 226.21, additional pertinent information to further monitor awards may be obtained upon written notice to the recipient until such time as the system is brought up to standard. USAID, in obtaining this information, shall comply with report

clearance requirements of 5 CFR part 1320.

(3) USAID may accept the identical information from the recipients in machine readable format or computer printouts or electronic outputs in lieu of prescribed formats.

(4) USAID may provide computer or electronic outputs to recipients when such expedites or contributes to the accuracy of reporting.

**§ 226.53 Retention and access requirements for records.**

(a) This section sets forth requirements for record retention and access to records for awards to recipients. USAID shall not impose any other record retention or access requirements upon recipients.

(b) Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, as authorized by USAID. The only exceptions are the following:

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

(2) Records for real property and equipment acquired with Federal funds shall be retained for 3 years after final disposition.

(3) When records are transferred to or maintained by USAID, the 3-year retention requirements is not applicable to the recipient.

(4) Indirect cost rate proposals, cost allocations plans, etc. as specified in paragraph 226.53(g).

(c) Copies of original records may be substituted for the original records if authorized by USAID.

(d) USAID shall request transfer of certain records to its custody from recipients when it determines that the records possess long term retention value. However, in order to avoid duplicate recordkeeping, USAID may make arrangements for recipients to retain any records that are continuously needed for joint use.

(e) USAID, the Inspector General, Comptroller General of the United States, or any of their duly authorized representatives, have the right of timely and unrestricted access to any books, documents, papers, or other records of recipients that are pertinent to the awards, in order to make audits.

examinations, excerpts, transcripts and copies of such documents. This right also includes timely and reasonable access to a recipient's personnel for the purpose of interview and discussion related to such documents. The rights of access in this paragraph are not limited to the required retention period, but shall last as long as records are retained.

(f) Unless required by statute, USAID will not place restrictions on recipients that limit public access to the records of recipients that are pertinent to an award, except when USAID can demonstrate that such records shall be kept confidential and would have been exempted from disclosure pursuant to the Freedom of Information Act (5 U.S.C. 552) if the records had belonged to USAID.

(g) Indirect cost rate proposals, cost allocations plans, etc. Paragraphs (g)(1) and (g)(2) of this section apply to the following types of documents, and their supporting records: indirect cost rate computations or proposals, cost allocation plans, and any similar accounting computations of the rate at which a particular group of costs is chargeable (such as computer usage chargeback rates or composite fringe benefit rates).

(1) If submitted for negotiation. If the recipient submits to the Federal awarding agency or the subrecipient submits to the recipient the proposal, plan, or other computation to form the basis for negotiation of the rate, then the 3-year retention period for its supporting records starts on the date of such submission.

(2) If not submitted for negotiation. If the recipient is not required to submit to the Federal awarding agency or the subrecipient is not required to submit to the recipient the proposal, plan, or other computation for negotiation purposes, then the 3-year retention period for the proposal, plan, or other computation and its supporting records starts at the end of the fiscal year (or other accounting period) covered by the proposal, plan, or other computation.

**Suspension, Termination and Enforcement**

**§ 226.60 Purpose of suspension, termination and enforcement.**

Sections 226.61 and 226.62 set forth uniform suspension, termination and enforcement procedures.

**§ 226.61 Suspension and termination.**

(a) Awards may be terminated (or, with respect to paragraphs (a) (1) and (3) of this section, suspended) in whole or in part if any of the circumstances stated in paragraphs (a)(1) through (4) of this section apply.

(1) By USAID, if a recipient materially fails to comply with the terms and conditions of an award.

(2) By USAID with the consent of the recipient, in which case the two parties shall agree upon the termination conditions, including the effective date and, in the case of partial termination, the portion to be terminated.

(3) If at any time USAID 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 USAID may, following notice to the recipient, suspend or terminate the award in whole or in part and prohibit the recipient from incurring additional obligations chargeable to the award other than those costs specified in the notice of suspension. If a suspension is effected and the situation causing the suspension continues for 60 days or more, then USAID may terminate the award in whole or in part on written notice to the recipient and cancel any portion of the award which has not been disbursed or irrevocably committed to third parties.

(4) By the recipient upon sending to USAID written notification setting forth the reasons for such termination, the effective date, and, in the case of partial termination, the portion to be terminated. However, if USAID determines in the case of partial termination that the reduced or modified portion of the award will not accomplish the purposes for which the grant was made, it may terminate the award in its entirety under paragraph (a)(1), (a)(2) or (a)(3) of this section.

(b) If costs are allowed under an award, the responsibilities of the recipient referred to in paragraph 226.71(a), including those for property management as applicable, shall be considered in the termination of the award, and provision shall be made for continuing responsibilities of the recipient after termination, as appropriate.

#### § 226.62 Enforcement.

(a) Remedies for noncompliance. If a recipient materially fails to comply with the terms and conditions of an award, whether stated in a Federal statute, regulation, assurance, application, or notice of award, USAID may, in addition to imposing any of the special conditions outlined in § 226.14, take one or more of the following actions, as appropriate in the circumstances.

(1) Temporarily withhold cash payments pending correction of the

deficiency by the recipient or more severe enforcement action by USAID.

(2) Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.

(3) Wholly or partly suspend or terminate the current award.

(4) Withhold further awards for the project or program.

(5) Take other remedies that may be legally available.

(b) Hearings and appeals. The recipient may appeal, in accordance with Subpart F, any action taken by USAID on which a dispute exists and a decision by the Agreement Officer has been obtained. There is no right to a hearing on such an appeal.

(c) Effects of suspension and termination. Costs of a recipient resulting from obligations incurred by the recipient during a suspension or after termination of an award are not allowable unless USAID expressly authorizes them in the notice of suspension or termination or subsequently. Other recipient costs during suspension or after termination which are necessary and not reasonably avoidable are allowable if:

(1) The costs result from obligations which were properly incurred by the recipient before the effective date of suspension or termination, are not in anticipation of it, and in the case of a termination, are noncancellable, and

(2) The costs would be allowable if the award were not suspended or expired normally at the end of the funding period in which the termination takes effect.

(d) Relationship to debarment and suspension. The enforcement remedies identified in this section, including suspension and termination, do not preclude a recipient from being subject to debarment and suspension under E.O.s 12549 and 12689 and USAID's implementing regulations (see 22 CFR Part 208).

#### Subpart D—After-the-Award Requirements

##### § 226.70 Purpose.

Sections 226.71 through 226.73 contain closeout procedures and other procedures for subsequent disallowances and adjustments.

##### § 226.71 Closeout procedures.

(a) Recipients shall submit, within 90 calendar days after the date of completion of the award, all financial, performance, and other reports as required by the terms and conditions of the award. USAID may approve extensions when requested by the recipient.

(b) Unless USAID authorizes an extension, a recipient shall liquidate all obligations incurred under the award not later than 90 calendar days after the funding period or the date of completion as specified in the terms and conditions of the award or in agency implementing instructions.

(c) USAID will make prompt payments to a recipient for allowable reimbursable costs under the award being closed out.

(d) The recipient shall promptly refund any balances of unobligated cash that USAID has advanced or paid and that is not authorized to be retained by the recipient for use in other projects. OMB Circular A-129 governs unreturned amounts that become delinquent debts.

(e) When authorized by the terms and conditions of the award, USAID shall make a settlement for any upward or downward adjustments to the Federal share of costs after closeout reports are received.

(f) The recipient shall account for any real and personal property acquired with Federal funds or received from the Federal Government in accordance with §§ 226.31 through 226.37.

(g) In the event a final audit has not been performed prior to the closeout of an award, USAID retains the right to recover an appropriate amount after fully considering the recommendations on disallowed costs resulting from the final audit.

##### § 226.72 Subsequent adjustments and continuing responsibilities.

(a) The closeout of an award does not affect any of the following.

(1) The right of USAID to disallow costs and recover funds on the basis of a later audit or other review.

(2) The obligation of the recipient to return any funds due as a result of later refunds, corrections, or other transactions.

(3) Audit requirements in §§ 226.26.

(4) Property management requirements in §§ 226.31 through 226.37.

(5) Records retention as required in § 226.53.

(b) After closeout of an award, a relationship created under an award may be modified or ended in whole or in part with the consent of USAID and the recipient, provided the responsibilities of the recipient referred to in paragraph 226.73(a), including those for property management as applicable, are considered and provisions made for continuing responsibilities of the recipient, as appropriate.

**§ 226.73 Collection of amounts due.**

(a) Any funds paid to a recipient in excess of the amount to which the recipient is finally determined to be entitled under the terms and conditions of the award constitute a debt to the Federal Government. USAID reserves the right to require refund by the recipient of any amount which USAID determines to have been expended for purposes not in accordance with the terms and condition of the award, including but not limited to costs which are not allowable in accordance with the applicable Federal cost principles or other terms and conditions of the award. If not paid within a reasonable period after the demand for payment, USAID may reduce the debt by:

- (1) Making an administrative offset against other requests for reimbursements.
- (2) Withholding advance payments otherwise due to the recipient, or
- (3) Taking other action permitted by law.

(b) Except as otherwise provided by law, USAID will charge interest on an overdue debt in accordance with 4 CFR Chapter II, "Federal Claims Collection Standards."

**Subpart E—Additional Provisions For Awards to Commercial Organizations****§ 226.80 Scope of subpart.**

This subpart contains additional provisions that apply to awards to commercial organizations. These provisions supplement and make exceptions for awards to commercial organizations from other provisions of this part.

**§ 226.81 Prohibition against profit.**

No funds shall be paid as profit to any recipient that is a commercial organization. Profit is any amount in excess of allowable direct and indirect costs.

**§ 226.82 Program income.**

The additional costs alternative described in § 226.24(b)(1) may not be applied to program income earned by a commercial organization.

**Subpart F—Miscellaneous****§ 226.90 Disputes.**

(a) Any dispute under or relating to a grant or agreement shall be decided by the USAID Agreement Officer. The Agreement Officer shall furnish the recipient a written copy of the decision.

(b) Decisions of the USAID Agreement Officer shall be final unless, within 30 days of receipt of the decision, the grantee appeals the decision to USAID's Deputy Assistant Administrator for

Management, USAID, Washington, DC 20523. Appeals must be in writing with a copy concurrently furnished to the Agreement Officer.

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

(d) Decisions by the Deputy Assistant Administrator for Management shall be final.

**Subpart G—USAID-Specific Requirements****§ 226.1001 Eligibility rules for goods and services. [Reserved]****§ 226.1002 Local cost financing. [Reserved]****§ 226.1003 Air transportation. [Reserved]****§ 226.1004 Ocean shipment of goods. [Reserved]****Appendix A to Part 226—Contract Provisions**

All contracts, awarded by a recipient including small purchases, shall contain the following provisions as applicable:

1. *Equal Employment Opportunity*—All contracts to be performed in the United States, or to be performed with employees who were recruited in the United States, shall contain a provision requiring compliance with E.O. 11246, "Equal Employment Opportunity," as amended by E.O. 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and as supplemented by regulations at 41 CFR Chapter 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor," to the extent required by the foregoing.

2. *Copeland "Anti-Kickback" Act* (18 U.S.C. 874 and 40 U.S.C. 276c)—All contracts and subawards in excess of \$2,000 for construction or repair to be performed in the United States awarded by recipients and subrecipients shall include a provision for compliance with the Copeland "Anti-Kickback" Act (18 U.S.C. 874), as supplemented by Department of Labor regulations (29 CFR part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"). The Act provides that each contractor or subrecipient 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 he is otherwise entitled. The recipient shall report all suspected or reported violations to the Federal awarding agency.

3. *Davis-Bacon Act, as amended* (40 U.S.C. 276a to a-7)—When required by Federal program legislation, all construction, alteration, and/or repair contracts to be performed in the United States awarded by

the recipients and subrecipients of more than \$2,000 shall include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 276a to a-7) and as supplemented by Department of Labor regulations (29 CFR part 5, "Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction"). 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 recipient 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 recipient shall report all suspected or reported violations to the Federal awarding agency.

4. *Contract Work Hours and Safety Standards Act* (40 U.S.C. 327-333)—Where applicable, all contracts awarded by recipients in excess of \$2000 for construction contracts to be performed in the United States and in excess of \$2500 for other such contracts that involve the employment of mechanics or laborers shall include a provision for compliance with sections 102 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333), as supplemented by Department of Labor regulations (29 CFR part 5). Under section 102 of the Act, each contractor shall be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than 1½ times the basic rate of pay for all hours worked in excess of 40 hours in the work week. 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 which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

5. *Rights to Inventions Made Under a Contract or Agreement*—Contracts or agreements for the performance of experimental, developmental, or research work shall provide for the rights of the Federal Government and the recipient in any resulting invention in accordance with 37 CFR part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.

6. *Clean Air Act* (42 U.S.C. 2401 et seq.) and the *Federal Water Pollution Control Act* (33 U.S.C. 1251 et seq.), as amended—Contracts and subawards of amounts in excess of \$100,000 to be performed in the United States shall contain a provision that requires the recipient to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42

U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251 et seq.). Violations shall be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

**7. Byrd Anti-Lobbying Amendment (31 U.S.C. 1352)**—Contractors who apply or bid for an award exceeding \$100,000 shall file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier shall also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the recipient.

**8. Debarment and Suspension (E.O.s 12549 and 12689)**—Certain contracts shall not be made to parties listed on the nonprocurement portion of the General Services Administration's "Lists of Parties Excluded from Federal Procurement or Nonprocurement Programs" in accordance with E.O.s 12549 and 12689, "Debarment and Suspension." This list contains the names of parties debarred, suspended, or otherwise excluded by agencies, and contractors declared ineligible under statutory or regulatory authority other than E.O. 12549. Contractors with awards that exceed the small purchase threshold shall provide the required certification regarding its exclusion status and that of its principals.

**9. Contracts which require performance outside the United States** shall contain a provision requiring Worker'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 recipient should refer questions on this subject to the USAID Agreement Officer.

Dated: January 6, 1995.

Michael D. Sherwin,

Deputy Assistant Administrator for Management.

[FR Doc. 95-975 Filed 1-18-95; 8:45 am]

BILLING CODE 8110-01-M

**ENVIRONMENTAL PROTECTION AGENCY**

**40 CFR Part 52**

[OH71-1-6781, OH72-1-6782; FRL-5140-7]

Approval and Promulgation of Implementation Plans; Ohio

AGENCY: Environmental Protection Agency (USEPA).

**ACTION:** Final rule.

**SUMMARY:** The USEPA is approving, in final, two exemption requests from the requirements contained in section 182(f) of the Clean Air Act (Act) for the Toledo and Dayton ozone nonattainment areas in Ohio. These exemption requests, submitted by the State of Ohio, are based upon three years of ambient air monitoring data which demonstrate that the National Ambient Air Quality Standard (NAAQS) for ozone has been attained in each of these areas without additional reductions of nitrogen oxides (NO<sub>x</sub>). Section 182(f) of the Act requires States with areas designated nonattainment of the NAAQS for ozone, and classified as moderate nonattainment and above, to adopt reasonably available control technology (RACT) rules for major stationary sources of NO<sub>x</sub>, and to provide for nonattainment area new source review (NSR) for new sources and modifications that are major for NO<sub>x</sub>. Section 182(f) provides that these requirements do not apply for areas outside an ozone transport region if USEPA determines that additional reductions of NO<sub>x</sub> would not contribute to attainment of the NAAQS for ozone in the area.

**EFFECTIVE DATE:** This action will be effective February 21, 1995.

**ADDRESSES:** Written comments should be addressed to:

William MacDowell, Chief, Regulation Development Section, Air Enforcement Branch (AE-17J), U.S. Environmental Protection Agency, Region 5, 77 West Jackson Boulevard, Chicago, Illinois 60604.

A copy of the exemption requests are available for inspection at the following location (it is recommended that you contact Richard Schleyer at (312) 353-5089 before visiting the Region 5 office): United States Environmental Protection Agency, Region 5, Air Enforcement Branch, Air and Radiation Division, 77 West Jackson Boulevard, Chicago, Illinois, 60604.

**FOR FURTHER INFORMATION CONTACT:** Richard Schleyer, Regulation Development Section, Air Enforcement Branch (AE-17J), Region 5, United States Environmental Protection Agency, 77 West Jackson Boulevard, Chicago, Illinois, 60604, (312) 353-5089.

**SUPPLEMENTARY INFORMATION:**

**I. Background**

The air quality planning requirements for the reduction of NO<sub>x</sub> emissions are set out in section 182(f) of the Act. Section 182(f) of the Act requires States

with areas designated nonattainment of the NAAQS for ozone, and classified as moderate nonattainment and above, to impose the same control requirements for major stationary sources of NO<sub>x</sub> as apply to major stationary sources of volatile organic compounds (VOC). These requirements include the adoption of RACT rules for major stationary sources and nonattainment area NSR for major new sources and major modifications. Section 182(f) provides further that these NO<sub>x</sub> requirements do not apply for areas outside an ozone transport region if USEPA determines that additional reductions of NO<sub>x</sub> would not contribute to attainment. Also, the NO<sub>x</sub>-related general and transportation conformity provisions (see 58 FR 63214 and 58 FR 62188) would not apply in an area that is granted a section 182(f) exemption. In an area that did not implement the section 182(f) NO<sub>x</sub> requirements, but did achieve attainment of the ozone standard, as demonstrated by ambient air monitoring data (consistent with 40 CFR Part 58 and recorded in the USEPA's—Aerometric Information Retrieval System (AIRS)), it is clear that the additional NO<sub>x</sub> reductions required by section 182(f) would not contribute to attainment.

**II. Criteria for Evaluation of Section 182(f) Exemption Requests**

The criteria established for the evaluation of an exemption request from the section 182(f) requirements are set forth in a memorandum from John S. Seitz, Director, Office of Air Quality Planning and Standards, dated May 27, 1994, entitled "Section 182(f) Nitrogen Oxides (NO<sub>x</sub>) Exemptions—Revised Process and Criteria." Additional guidance is provided in a document entitled "Guideline for Determining the Applicability of Nitrogen Oxides Requirements Under Section 182(f)," dated December 1993, from USEPA, Office of Air Quality Planning and Standards, Air Quality Management Division.

**III. State Submittals**

On September 20, 1993, and November 8, 1993, the State of Ohio submitted requests to redesignate the Toledo (Lucas and Wood Counties) and Dayton (Montgomery, Greene, Miami, and Clark Counties) ozone nonattainment areas to attainment areas for the NAAQS for ozone. These redesignation requests are currently under review and will be evaluated in a separate rulemaking.

Included as part of the redesignation submittals were requests that the Toledo and Dayton ozone nonattainment areas