

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
 AGENCY FOR INTERNATIONAL DEVELOPMENT
 WASHINGTON, D. C. 20523

OFFICIAL PROJECT
 DOCUMENT

September 27, 1983

690-0220

GRANT
 AGREEMENT

9-83

Dr. Sam M. Motsuenyane
 President
 NAFCOC Head Office
 P. O. Box 61213
 Republic of South Africa
 Marshalltown 2107

Subject: AID Grant No. AFR-0220-G-SS-3069-00

Dear Dr. Motsuenyane:

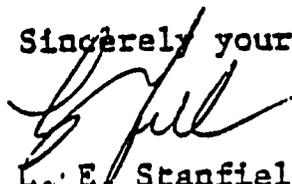
Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A.I.D." or "Grantor") hereby grants to the National African Federated Chamber of Commerce of South Africa (hereinafter referred to as "NAFCOC" or "Grantee") the sum of \$3,000,000. Of that \$3,000,000, up to \$2,850,000 will be disbursed on behalf of NAFCOC, pursuant to a direct U.S. contract(s) to be arranged under AID's selection procedures and administration. The NAFCOC and direct contracts are to provide support to develop a program for a management training and business counseling program for all actual or prospective entrepreneurs, in South Africa per Attachment 2, Program Description.

This grant is effective upon signature by Grantor and Grantee and shall apply to commitments made by the Grantee in furtherance of program objectives during the period beginning with the effective date and ending September 27, 1987.-

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

Please sign the original and seven (7) copies of this letter to acknowledge your acceptance of the grant, and return the original and six (6) copies to the Grant Officer.

Sincerely yours,



L. E. Stanfield
 Grant Officer
 Regional Operations Division-ASIA
 Office of Contract Management

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions

AGREED:

National African Federated Chamber of
Commerce of South Africa

By: *[Signature]*

Title: President

Date: Sept 30/1983

ACKNOWLEDGED:

Embassy of the
United States of Ameri

[Signature]

Ambassador

Sept. 30, 1983

FISCAL DATA

Appropriation Symbol:	72-1131037
Budget Plan Code:	GESA-8331690-KG12-33761690-00-69-3
PIO/T No.:	690-0220-3-6131007
Project No.:	690-0220
Total Estimated Amount:	\$3,814,367
Total Obligated Amount:	\$3,000,000
IRS Employer Identification No.:	N/A

AGREED:

National African Federated Chamber of
Commerce of South Africa

By: _____

Title: _____

Date: _____

FISCAL DATA

Appropriation Symbol:	72-1131037
Budget Plan Code:	GESA-8331690-KG12-33761690-00-69-31
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FUNDS AVAILABLE

CP 4190

Program Acctg. Division
U.S. DEPARTMENT OF AGRICULTURE

~~FUNDS AVAILABLE~~

~~SEP 21 1992~~

~~Program Acctg. Division
U.S. DEPARTMENT OF AGRICULTURE~~

ATTACHMENT 1 - SCHEDULE

- A. Purpose:
As set forth in Cover Letter and Attachment 2.
- B. Period:
September 27, 1983 - September 27, 1987.
- C. Amount:
Estimated AID cost subject to availability of funds is \$3,000,000. Government hereby obligated \$3,000,000 by this action.
- D. Budget(s): - per Schedule Exhibit(s) 1, 2, 3 and 4
- E. Administration:
This grant shall be administered and approvals for vouchers, by the project officer L. Jackson, A/W/AFR/PD/SA and E. Yates, A/W/AFR/SA.
- F. Definitions:
For purposes of this grant the abbreviation "disad" shall mean disadvantaged.

Attachment 1 Schedule
Exhibit I

NAFCOC BUDGET

<u>Description</u>	<u>Estimated Cost</u>
A. Salaries: (person months)	
1. Instructors/Counselors (10 pm)	\$19,754
2. Manufacturers/Counselors (10 pm)	19,754
3. Administrative Support (10 pm)	12,597
Sub-total	<u>52,105</u>
B. Other Direct Costs:	
1. Office Rental	7,800
2. Travel and Per Diem	6,523
3. Program Publicity	6,250
Subtotal Other Direct Costs	<u>20,573</u>
C. Commodities	
1. Vehicles	25,000
2. Vehicle Operations	9,023
3. Office Equipment and Furnishings	11,000
4. Office Supplies	6,129
5. Training Equipment	20,000
6. Facilities Rental	6,170
	<u>77,322</u>
Grand Total	<u>\$150,000</u>

ATTACHMENT 2

I. Introduction/Background

A. General Project Description

This project will consist of a management training and counseling program for disadvantaged South Africans. It will be implemented by the National African Federated Chamber of Commerce (NAFCOC), with assistance from a U. S. contractor. The length of the project will be 4 years.

B. Project Goal and Purpose

The goal of the project is to improve the level of management skills of disadvantaged South African business persons to maximize their abilities to participate in, and benefit from, the South African economy. Its purpose is to strengthen and expand existing organizational capability to provide disadvantaged entrepreneurs with management training and counseling assistance.

C. Expected Outputs

1. Training Courses

Management training courses shall be provided at the following levels:

- a. Introductory - Courses shall be taught at the basic or "grass-roots" level; approximately 1,480 entrepreneurs will participate.
- b. Immediate - Courses shall assist entrepreneurs to improve basic skills in various areas of business management; more than 740 business persons will participate.
- c. Advanced - Training at this level shall be geared toward business policy and shall include courses in South Africa, and limited participatory training and instruction in the U.S.; approximately 80 entrepreneurs will participate.

2. Follow-up Assistance

This element of the project will include a mechanism to assist participants to apply to specific business situations principles presented in the training courses.

3. Business Counseling

The project will provide for "one-on-one" counseling of disadvantaged business owners and operators. The purpose of such counseling will be to resolve or substantially ameliorate specific business problems. There will be two categories of counseling;

-- Manufacturing approximately 370 entrepreneurs will be assisted.

-- Non-Manufacturing - Approximately 148 entrepreneurs will be assisted.

4. Training Instructors and Counselors

The project will identify and train four instructor/counselors and four manufacturing counselors. These individuals will be responsible for conducting the training and counseling contemplated by this project; they will be headquartered at regional training and counseling units in the following major areas:

Month of Project Unit is
to be Established

--- Johannesburg	1st
--- Durban	13th
--- Port Elizabeth	19th
--- Cape Town	25th

5. Institution Building

One of the primary objectives of the project will be to assist in the strengthening instructional capacity and organizational development of NAFCOC.

6. Study of Other Constraints Impacting on the Effectiveness of Disadvantaged Businesses

This study which will be done by an outside contractor will consider other impediments to the development of disadvantaged businesses; examples of areas that will be considered include: access to credit and capital, and access to desired markets.

7. Study to Determine Profile of Disadvantaged Business in South Africa

The U. S. contractor will conduct a study sufficient to determine a "profile" of the disadvantaged business in South Africa. The purpose of this "profile" will be to assist in more clearly identifying and segmenting needs of the potential beneficiaries of the project. If necessary and possible, the project may be adjusted to respond to newly identified needs of disadvantaged entrepreneurs.

D. Expected Inputs

1. Training and Counseling by NAFCOC

NAFCOC will have primary responsibility for implementing the training and counseling activities of this project.

2. Technical Assistance Through a U.S. Contractor

A. U. S. contractor will be selected to provide institutional support and technical assistance to NAFCOC. The areas in which the U. S. contractor will assist include: training instructors and counselors, curriculum development, and project coordination.

3. Procurement of Commodities

Successful implementation of the project will require the procurement of a number of commodities. They will include: vehicles for the project's instructors and counselors, office equipment and furnishings, training equipment, and facilities rentals. NAFCOC will have responsibility for procurement.

4. In-Kind Contributions by NAFCOC

NAFCOC will make substantial contributions to the project. Such contributions will be in the form of salaries to current instructors and counselors, training equipment and supplies, vehicles, and inputs by members of their advisory committees. The total cost of NAFCOC's contributions will be \$500,404.

5. Contributions by Other Donors

It is anticipated that organizations such as universities, churches, and YMCA's will donate facilities and other services to the project. The total cost of these contributions will be \$250,000.

E. Monitoring Plan

The project will be monitored by AID/W. This will be accomplished by methods that include: regularly scheduled programmatic and financial reports and periodic site visits.

F. Evaluation Arrangements

The project will have four evaluations. Formal evaluations will be completed by the end of month 20 and by end of month 47. Evaluations will be done by an independent contractor. In-house evaluations internal to the project will be completed by the contractor by the end of month 12 and by the end of month 36.

II. Project Rationale and Description:

A. General Project Description

This project shall consist of a management training and business counseling program which shall be open to disadvantaged entrepreneurs or prospective entrepreneurs within the South African region.

The management training and business counseling under this project will be implemented by the National African Federated Chamber of Commerce (NAFCOC), which will receive strong and direct assistance from a U. S. contractor who shall be a direct U.S. AID contractor pursuant to AID's selection procedure and administration. This U.S. contractor shall provide institutional and technical support to NAFCOC and to the project. The budgets for this grant are set forth in Attachment 1, Schedule Exhibits.

The training and counseling shall be coordinated through regional training/counseling units which shall be established in the following geographic areas:

<u>Location of Regional Training/Counseling Units</u>	<u>Month of Project To Be Established</u>
Johannesburg	1st
Durban	13th
Port Elizabeth	19th
Cape Town	25th

Exhibit 1 presents a map of South Africa which shows the location of each regional training and counseling unit.

The length of the project will be 4 years. During this period approximately 2,818 will participate in the project's training and/or counseling sessions. The total estimated AID cost of this project to AID will be \$3,000,000.

B. Rationale for Pursuing This Project

The economy in South Africa is unique in Africa for the degree of its sophistication and industrialization. It is a modern western-type cash-oriented economy offering opportunities for a high standard of living and per capita income.

The homelands and many parts of the townships, in contrast, have the characteristics of a third world economy -- poverty, over-crowding and malnutrition.

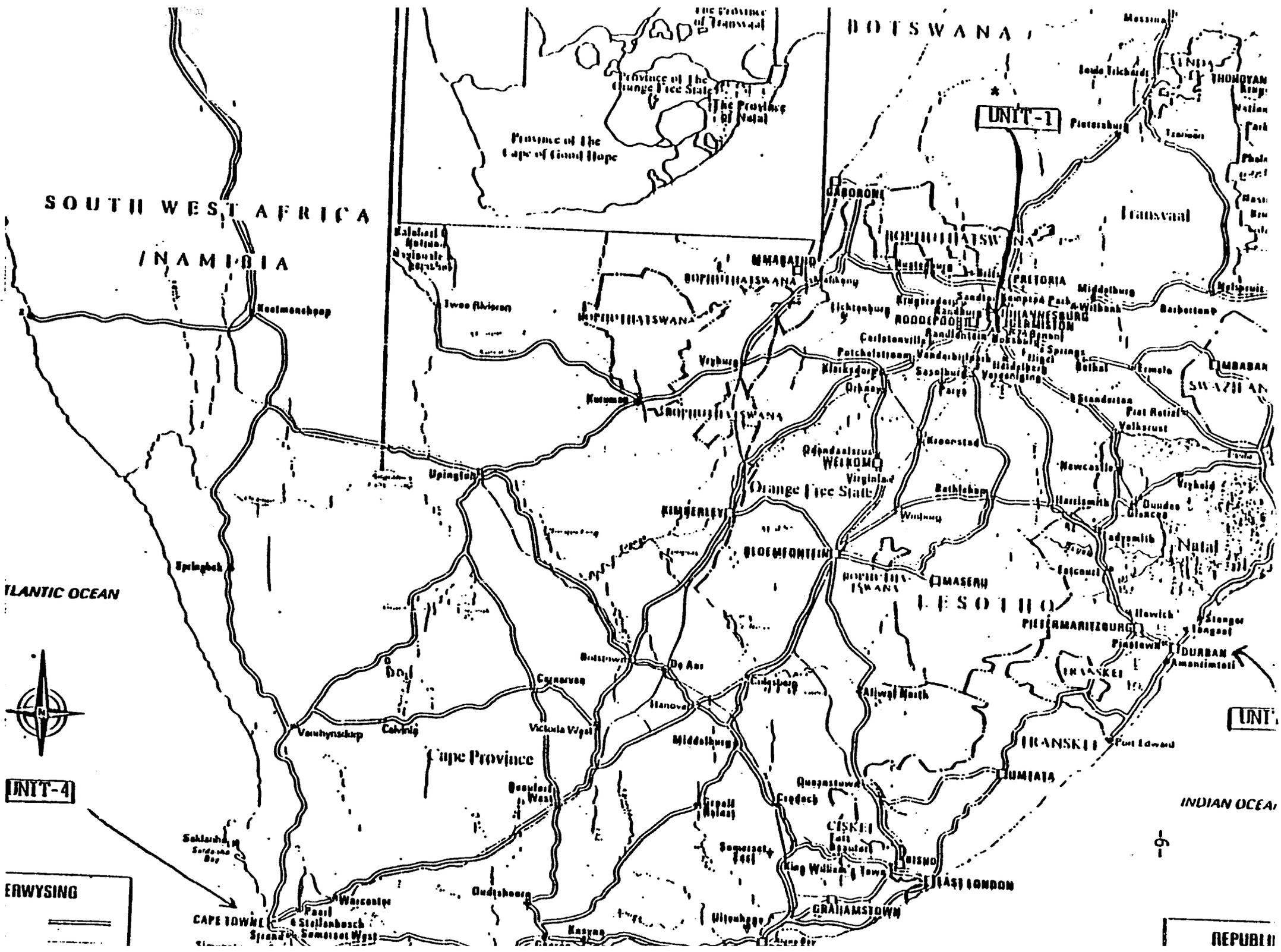
Government reforms, such as removing statutory and traditional barriers to African advancement in the workplace, have been stymied by the decades of neglect of African education. The government has dramatically increased spending on African education.

The management training and counseling of this project will assist disadvantaged entrepreneurs to become more organized in their businesses. As a result of improved management techniques in areas such as procurement, merchandising, finance, accounting, and marketing, participants should be able to manage their businesses more efficiently and effectively which would contribute to their ability to participate in, and benefit from the South African economy. Grantee shall concentrate training and counseling on these specific areas as set forth herein. The outputs of this project will assist disadvantaged entrepreneurs to provide better goods and services to their customers; the overwhelming majority of whom are disadvantaged South Africans.

C. Project Objectives

1. Goal and Purpose

The goal of the project is to improve the level of management skills of disadvantaged South African businesspersons in order to maximize their abilities to participate in, and benefit from, the South African economy.



SOUTH WEST AFRICA
/ NAMIBIA

BOTSWANA

ATLANTIC OCEAN



UNIT-4

ERWYSING

CAPE TOWN

TRANSVAAL

UNIT-1

INDIAN OCEAN

UNIT

REPUBLIC

The project purpose is to strengthen and expand existing disadvantaged business organizational capability to provide disadvantaged entrepreneurs with management and other business-related skills. This purpose will be accomplished through the development and implementation of practical business training courses and counseling services for disadvantaged businesspersons in the major commercial areas of South Africa.

2. Expected Outputs

General

In accordance with the project's goal and purpose, its primary outputs are intended to enhance the ability of disadvantaged South African entrepreneurs to manage their businesses. To this end, a comprehensive program will be developed which will provide an avenue for training of disadvantaged business owners and operators in various functional aspects of business management. The project will also have provisions for providing follow-up assistance and management counseling. See Exhibit 1a for the projected number of entrepreneurs to be trained and counseled by the project.

b. Training Courses

Management training courses will be a key element of the project. A large percentage of South Africa's estimated 100,000 disadvantaged entrepreneurs lack the basic management skills required to properly operate their businesses. Others, while having operational abilities in certain business principles, are in need of assistance in intermediate and advanced levels of management training.

EXHIBIT
PROJECTED NUMBER OF ENTREPRENEURS
TO BE REACHED BY THE PROJECT TRAINING

	<u>TRAINING</u>			TOTAL TRAINING	<u>COUNSELING</u>			TOTAL PROGRAM PARTICIPATIO
	INTRODUCTORY	INTER- MEDIATE	ADVANCED		NON- MANUFACTURING	MANUFACTURING	TOTAL COUNSELING	
FIRST YEAR	50	25	10	85	5	12	17	102
SECOND YEAR	300	150	20	470	30	75	105	575
THIRD YEAR	700	350	30	1080	70	175	245	1,325
FOURTH YEAR	800	400	40	1240	80	200	280	1,520
c TOTAL	1,850	925	100	2,875	185	462	647	3,522
o ALLOWANCE FOR ATTRITION @ 20 PERCENT (370)		(185)	(20)	(575)	(37)	(92)	(129)	(704)
c PROJECT ACTUAL PARTICIPATION 1,480		740	80	2,300	148	370	518	<u>2,818</u>

D. Course Descriptions

(1) Introductory Courses

Introductory courses will be developed and presented in a manner which allows for teaching basic business principles to current entrepreneurs or people who intend to start a business in the foreseeable future. The courses will be taught at the "grass roots" level, and will be presented in a clear and concise manner. The primary purpose of introductory courses will be to familiarize participants with basic business principles in a particular

functional area. Additionally, introductory courses will assist participants to apply the subject matter to their businesses.

(a) Curriculum

The curriculum will include courses such as:

- How to start a business
- Banking and finance
- Bookkeeping
- Marketing and merchandising
- Procurement
- Contracts
- Personnel
- Setting goals, objectives, and priorities

(b) Length

The average length of each training course will be three days. The length of courses will vary in accordance with the nature and complexity of the subject matter. For example, courses in areas such as accounting and bookkeeping may extend for five or more days, while courses in an area such as getting a business license might be taught in one session. The courses that extend for more than one day will not necessarily be scheduled on successive days. Rather, a three day course might be taught on three consecutive Mondays. This type of scheduling may be necessary to accommodate entrepreneurs who are not able to be away from their businesses for more than one day at a time.

(c) Geographic Location

To the degree possible, training courses will be held in all major areas of disad commercial and industrial concentration.

Metropolitan areas which, by virtue of their relatively large numbers of disad businesses, have been identified as sites for regional training units are:

- o Johannesburg
- o Durban
- o Port Elizabeth
- o Cape Town

Each regional training unit will be responsible for providing training and counseling in the broad geographic area of its specific location.

For example, individual units will train and counsel in the following areas:

- o Johannesburg
 - Pretoria
 - Vaal Triangle
 - Northern Transvaal
 - Orange Free State
- o Durban
 - Kwazulu
 - Natal
 - Northeastern Cape
- o Port Elizabeth
 - East London
 - Queenstown
 - Cradock
 - Grhamston
 - Uitenhage

- Humandorp
- Cape Town
- Cape Pennensula .
- Wooster
- Kimberley

To the degree possible, training will be conducted in local townships at sites that are accessible to participating entrepreneurs. Potential sites for training include community centers, churches, corporate training centers, YMCAs and schools. When possible and practical, training sites which have been used previously by NAFCOC will be utilized. In all cases, cost for use of facilities should be kept to a minimum.

(c) Entrepreneurs to be Trained

Estimates concerning the number of entrepreneurs to be trained at the basic level are based in part on the following assumptions and factors:

- a One instructor/counselor will be identified, hired and trained for each training unit commencing in the following approximate months of the project:

Regional Training/Counseling Unit 1 - Johannesburg	1st Month
Regional Training/Counseling Unit 2 - Durban	13th Month
Regional Training/Counseling Unit 3 - Port Elizabeth	19th Month
Regional Training/Counseling Unit 4 - Cape Town	25th Month

Each instructor/counselor will have the capacity to train approximately 300 entrepreneurs during each

twelve month period of full-time instruction; the approximate level of annual participation at the introductory and intermediate levels will be as follows:

- Introductory Courses. - 200 (Ten courses with an average of 20 participants)

- o Projected levels of training will be discounted by 20 percent to allow for student attrition and other unforeseeable occurrences.
- o Each instructor/counselor hired by the project will participate in a training and orientation program which will be approximately six months in duration; accordingly, during each instructor/counselor's first year of employment he/she will train approximately 50 percent of the projected level for twelve months of full-time instruction.
- o During the first year of the project instructors and counselors will only accomplish 25 percent of the normal goals, as a result of time allocations for project start-up.
- o NAFCOC currently has two instructors who are conducting training throughout South Africa; their functions will continue in the following manner:
 - The Director of Education will serve as the Project's Manager of Training and Counseling.

NAFCOC's other instructor will continue with his normal training schedule, and he will assist with on-the-job training of instructors hired by the project.

Entrepreneurs trained by NAFCOC's current instructors will not be counted in project totals.

It is likely that some entrepreneurs will participate in more than one course; in such instances he/she will be counted as an "entrepreneur trained" each time.

In accordance with these assumptions, it is estimated that 1,480 entrepreneurs will be trained at the introductory level. Exhibit Z presents the projected levels of participation for each year of the project, and for each regional training and counseling unit.

(2) Intermediate Courses

The primary purpose of intermediate courses will be to assist entrepreneurs who have a working knowledge of basic principles in a particular business discipline. These individuals, however, will benefit from either "refresher" courses, more detailed training on a specific function of business, and/or improved methods of applying business principles.

(a) Curriculum

The curriculum will include courses in areas such as:

- Accounting
- Banking and Finance
- Marketing
- Personnel

EXHIBIT

ENTREPRENEURS TO BE TRAINED AT THE INTRODUCTORY LEVEL

	Unit-1 Johannesburg	Unit-2 Durban	Unit-3 Port Elizabeth	Unit-4 Cape Town	TOTAL
FIRST YEAR	50	0	0	0	50
SECOND YEAR	200	100	0	0	300
THIRD YEAR	200	200	200	100	700
FOURTH YEAR	200	200	200	200	800
<hr/>					
• ----- TOTAL	650	500	400	300	1,850
• Allowance for Student Attrition at 20 percent	(130)	(100)	(80)	(60)	(370)
• Projected Actual Total	<u>520</u>	<u>400</u>	<u>320</u>	<u>240</u>	<u>1,480</u>

- General management
- Organizational structure
- Business communications

(b) Length

As with introductory courses, the average length of intermediate courses will be three days.

(c) Geographic Location

The regional training units for intermediate courses will be the same as those for the introductory. In determining the specific location of intermediate courses, the same basic approach will be adhered to as with introductory courses: i.e., courses will be taught in primary areas of disad businesses. The potential participants in intermediate courses will often be located in very close proximity to the participant in basic training courses. Additionally, some entrepreneurs who participate in basic training in one subject may require intermediate training in another.

In each region, courses will be held at the local areas of the participants. Potential training sites are community centers, churches, corporate training centers, YMCAs, and schools. When such facilities are not available, costs for rentals will be minimized by a project administrative procedure that will require that three estimates be secured prior to the rental of any facilities, and that the lowest bid for appropriate space be taken. When selecting a specific training site, emphasis will be placed on minimizing the travel distance for participants.

(c) Entrepreneurs Trained

In estimating the number of entrepreneurs to be trained at the intermediate level during the five year duration of the project, the following assumptions have been used:

- Instructors will teach both introductory and intermediate level courses;
- Each instructor will train approximately 100 entrepreneurs at the intermediate level during any year of full-time instruction; i.e. five intermediate courses per instructor per year; the average size per class is estimated to be twenty;
- During each instructor's first year, he/she will only be able to train one half (50) of the estimated level for a twelve month period because of need for project start-up time; during the first year of the project this amount will be 25 percent of estimated level for twelve months because of time allocations for project start-up.

In light of these assumptions, it is estimated that 740 entrepreneurs will be trained at the intermediate level. Exhibit 3 presents the projected levels of participation for each year of the project, and for each regional training and counseling center

(3) Advanced Courses

While the overwhelming majority of South Africa's disad entrepreneurs will be best suited to benefit from participation in either the introductory or the intermediate courses, there are a

EXHIBIT 3

ENTREPRENEURS TO BE TRAINED AT THE INTERMEDIATE LEVEL

	Unit-1 Johannesburg	Unit-2 Durban	Unit-3 Port Elizabeth	Unit-4 Cape Town	TOTAL
FIRST YEAR	25	0	0	0	25
SECOND YEAR	100	50	0	0	150
THIRD YEAR	100	100	100	50	350
FOURTH YEAR	100	100	100	100	400
● ----- TOTAL	325	250	200	150	925
● Allowance for Student Attrition at 20 percent	(65)	(50)	(40)	(30)	(185)
● Projected Actual Total	<u>260</u>	<u>200</u>	<u>160</u>	<u>120</u>	<u>740</u>

number of business owners and managers who are too advanced in terms of experience and/or education for such programs. Individuals in this category include owners and operators of businesses who have successfully completed other courses and/or whose management needs are beyond the intermediate training level. An advanced training program -- limited in degree and scope -- will be developed for such business operators.

The primary focus of training at the advanced level will be on business policy and decision making rather than on functional aspects of business. It will be possible for a participant in the advanced program to also participate in one or more of the intermediate courses, if it is determined and mutually agreed that he/she could benefit from a refresher course in a certain functional area of business.

(a) Curriculum

The curriculum for the advanced program will include instruction in such areas as:

- Financial Planning
- Business Policy and Decision Making
- Accounting/Control
- Micro-Computer Applications

(b) Location

The location of advanced instruction will vary depending upon the subject matter and the participants. Selected advanced training courses will be conducted in various cities in South Africa and, on a limited basis, in the United States:

(i) South Africa

At the advanced level, it will not be essential for instruction to take place in each local area. This is primarily due to the following factors: (1) the size of the target audience for advanced training is relatively small in proportion to the total business community, and thus would not warrant courses throughout the country; (2) advanced participants are more mobile than the small shopkeeper who will participate in the basic and intermediate courses, and accordingly would be able to travel to the designated training sites. Advanced trainees will be responsible for paying their own expenses for travel to courses in South Africa. The average length of advanced training courses in South Africa will be five days.

(ii) United States

To the degree possible, advanced training will take place in South Africa and be conducted by local instructors. However, it is possible that certain observational training or instruction will be conducted in the United States. This will only take place if it is determined that either the proper facilities, setting, or instructional expertise are not available or accessible in South Africa. For example, it could be determined that a small group of advanced trainees might benefit substantially as a result of observation of, and participation in the operations of a similar business in the United States. In such a case, it is possible that a work/study program in the USA might be arranged. The length of U.S.-based training probably will not exceed one month.

(c) Entrepreneurs Trained at the Advance Level

It is estimated that 80 entrepreneurs will be trained at the advanced level during the life of the project. Of this amount, 72

will participate in courses which will be held in South Africa, and 8 will travel to the U.S. for training. Exhibit 4 presents a specific depiction of advanced training.

3. Follow-up Assistance and Business Counseling

In an attempt to maximize the effectiveness of the information and management techniques which will be covered at the basic and intermediate levels, the project will provide for follow-up assistance and counseling services. The conceptual framework for these two elements is as follows:

a. Follow-up Assistance

This aspect of the project will allow instructors to actually go the business location of the trainee and assist him/her to apply the subject matter to his specific business operation. For example, while the basic principles of bookkeeping are rather constant, specific methods in constructing and maintaining a set of books might vary, or an entrepreneur may simply need some more detailed information in a particular area than the instructor is able to provide in a classroom situation. Under these and similar circumstances, the instructors will be available to work "one-on-one" with the participants. It is estimated that instructors will spend one day providing follow-up assistance for each day he spends teaching or approximately 45 days per year.

*incl. of 400 students
will get 2 hr.
assistance*

b. Business Counseling

The project will include the provision of management counseling (consulting) services to disad entrepreneurs. Such services will be provided in the following two categories:

EXHIBIT 4

ENTREPRENEURS TO BE TRAINED AT THE ADVANCED LEVEL

	SOUTH AFRICA	U.S.A.	TOTAL
FIRST YEAR	8	2	10
SECOND YEAR	18	2	20
THIRD YEAR	27	3	30
FOURTH YEAR	37	3	40
● TOTAL	90	10	100
● Allowance for Student Attrition at 20 percent	<u>(18)</u>	<u>(2)</u>	<u>(20)</u>
● Projected Actual Total	<u><u>72</u></u>	<u><u>8</u></u>	<u><u>80</u></u>

i. Counseling for participants in the training program (non-manufacturing)

The primary focus on the counseling services contemplated for this category is to assist participants to resolve or substantially ameliorate specific business problems. For example, the business counselor might help an entrepreneur who requires assistance in making financial projections for a bank loan application. Or, a counselor might assist an entrepreneur who is interested in expanding with a basic market survey. To the degree possible, such counseling services will be provided by the project instructors. When, for reasons of availability or magnitude, it is not practical to use instructors for an approved counseling assignment, an attempt will be made to use the services of qualified counselors attached to local universities. According to NAFCO and a number of university professors who were interviewed by the PID team, it is highly likely that counseling services by professors attached to the small business training units of some of the major universities will be donated to the project.

Examples of universities which may be in a position to assist with management counseling are:

- University of Witwatersrand
- Stellenbosch University
- University of Potchefstroom

If a situation should arise wherein the counseling expertise to resolve a specific problem of a project participant is not available through the project's counselors or a local university, such expertise will be provided by the U.S.

contractor who will be responsible for providing technical assistance and institutional support to the project. U.S. counselors will only be brought in after all reasonable attempts to find the appropriate expertise in South Africa have failed.

The following assumptions have been used to project the number of entrepreneurs who will receive non-manufacturing counseling:

- o The average length of each counseling engagement will be five days.
- o Each instructor/counselor will provide counseling services to approximately 20 entrepreneurs during each 12 month period of full-time instruction.
- o During each instructor/counselor's first year of employment, he/she will counsel 50 percent of the projected total for full time instruction; during the first year of the project, this amount will be 25 percent.

In light of these assumptions, it is estimated that 148 non-manufacturers will be counseled during the life of the project. Exhibit 5 presents the specific amounts by year, and by region.

EXHIBIT 5

NON-MANUFACTURERS TO BE COUNSELED

	Unit 1 Johannesburg	Unit 2 Durban	Unit 3 Port Elizabeth	Unit 4 Cape Town	Total
First Year	5	0	0	0	5
Second Year	20	10	0	0	30
Third Year	20	20	20	10	20
Fourth Year	20	20	20	20	80
o Total	65	50	40	30	185
o Allowance for Attrition at 20 Percent	(13)	(10)	(8)	(6)	(37)
o Projected Actual Total	52	40	32	24	148

ii Manufacturing Counselors

According to the NAFCOC Counseling Committee, disad manufacturers in South Africa operate in a somewhat unique environment. Although small industrial parks have been built recently in the township of Soweto and Katlehong (both are near Johannesburg), the great majority of South Africa's estimated 30,000 disad manufacturers operate out of backyards or other "make-shift" facilities. Additionally, many of the manufacturers are illiterate, or have very limited formal education. These circumstances, together with some of the complexities (e.g., purchasing, operations, distribution and selling), associated with operating any manufacturing entity, suggest the need for special assistance for this group of entrepreneurs.

NAFCOC currently has one manufacturing counselor. He travels throughout the country and assists approximately fifty manufacturers per year.

Members of the Counseling Committee indicated that under "optimal" conditions, two manufacturing counselors would be required in each of NAFCOC's eighteen regions to provide adequate assistance to South Africa's disad manufacturers. However, it was the consensus of the Counseling Committee that if four manufacturing counselors could be hired and trained (one for each of the project's four regional, training and counseling units) tremendous assistance could be provided to

disad. manufacturers. The manufacturing counselors will be hired and headquartered in the same regions of the country as the instructors/counselors. Specifically, the manufacturing counselors will be headquartered at training/counseling units to be established in Johannesburg, Durban, Port Elizabeth and Cape Town.

In estimating the number of entrepreneurs to be assisted by manufacturing counselors, the following assumptions have been used:

- The average length of time per counseling engagement will be four days.
- Each of the manufacturing counselors will be able to assist 50 businesses during each period of full-time instruction after his first year.
- During a counselor's first year on the job, he/she will assist twenty-five entrepreneurs, except during the first year of the period when this amount will be twelve as a result of basic project start-up activities.

In light of these assumptions, the estimated number of entrepreneurs to be assisted by manufacturing counselors during the life of the project 370. Exhibit 6 presents the specific amounts of manufacturing counseling by year, and by region.

EXHIBIT 6

MANUFACTURERS TO BE COUNSELED

	Unit 1 Johannesburg	Unit 2 Durban	Unit 3 Port Elizabeth	Unit 4 Cape Town	Total
First Year	12	0	0	0	12
Second Year	50	25	0	0	75
Third Year	50	50	50	25	175
Fourth Year	50	50	50	50	200
o Total	162	125	100	75	462
o Allowance for Attrition at 20 Percent	(32)	(25)	(20)	(15)	(92)
o Projected Actual Total	130	100	80	60	370

-28-

Training Instructors and Developing Course
Materials

a. Training Instructors/Counselors

To a large degree, the success of this project will depend on the effectiveness of the instructors and counselors. In effect, they will be responsible for implementing the project. In light of this, it is essential that the instructors and counselors are properly trained to carryout their responsibilities with a high degree of proficiency and minimal direct supervision. To these ends, a training program will be designed in response to the caliber of instructors and counselors who will be recruited. The training program for both instructors/counselors and manufacturing counselors will be approximately six months in duration, and will include elements such as the following:

(i) The Basic Principles of Business
Management

The instructors will undergo thorough training in the functional areas of business which will be covered by the basic and intermediate level courses. At the conclusion of the training course, the instructors will have an adequate proficiency in each subject area, and the ability to apply functional business knowledge to practical situations. Course materials will include manuals, case studies and, when applicable, text books.

(ii) Methods of Instruction

Instructors will be trained in methods of instruction. Special emphasis will be placed on how to teach people who have little or no formal education. The approach to training instructors will include methods such as role playing, case studies, and lectures. Additionally, each instructor trainee will participate in on-the-job training by observing and assisting experienced instruction in actual teaching and follow-up situations.

(iii) Training for Counselors

It is quite likely that the instructors/counselors and the manufacturing counselors will not have had prior experience with management counseling. Accordingly, they will be trained to the maximum degree possible in techniques of providing management assistance to local businesses.

The key components of this training will include matters such as:

- Basic approaches to management counseling
- Establishing rapport with, and gaining the confidence of entrepreneurs.
- How to identify problems and proper solutions.
- Effective ways of implementing solutions to business problems

Similar to the instructor training, counselor training will include provisions for on-the-job training through observing and assisting experienced counselors.

Training instructors and counselors will be accomplished by the American contractor in conjunction with the NAFCOC. Local universities will assist in this effort by donating faculty expertise and/or facilities. The duration of the training program will be approximately six months.

b. Developing Course Materials

The U.S. contractor will be responsible for developing course materials in conjunction with NAFCOC. Such materials will include:

- Course syllabi
- Case studies
- Audio-visual presentations
- Conceptual framework for follow-up instruction
- Models for role playing

The course materials will be developed in English and the language of the instructor will be English.

5. Institution Building

One of the outputs of the project will be to strengthen the institutional capabilities of NAFCOC to better fulfill its mandate to represent the interests of disad businesses in South Africa. This will be accomplished both through direct and indirect means. The personnel who will be hired by the project will have a direct positive impact on NAFCOC's ability to serve disad entrepreneurs. Additionally, it is likely that after the life of the project, NAFCOC will continue to draw upon the

training approaches and mechanisms which will be developed by the project. The technical assistance provided by the U.S. Contractor will assist in the institutional development of NAFCOC

On an indirect basis, the management training which will be accomplished will assist in the development of the disadvantaged business community throughout South Africa.

6. Study and Analysis of Other Constraints Impacting on the Effectiveness of Black Businesses

An outside Contractor will be selected and administered by AID/W in accordance with AID procedures to identify and analyze areas in addition to management training and counseling in which disadvantaged entrepreneurs are in need or assistance. This study will be undertaken from the perspective of seeking to determine additional accessible avenues by which AID/W might assist disadvantaged entrepreneurs to participate more fully in, and benefit from the South African economy.

One of the elements of this study will be to consider potential impediments to the further development of disadvantaged entrepreneurs such as:

7. - Access to Credit and Capital - In a capitalist society, access to credit and capital at affordable interest rates and under reasonable conditions is essential to the survivability of the private sector. In South Africa, this critical tool of business development, is largely inadequate or unavailable to disad. businesses. The study commissioned by this project will examine attainable methods of improving the reasonable access to credit and capital by disad. entrepreneurs.

8. Study to Determine Profile of Disad Businesses in South Africa

The U.S. contractor will conduct sufficient research to develop a profile of disad businesses in South Africa. The primary purpose of this profile will be to assist in more clearly identifying the training and counseling needs of the potential beneficiaries of the project. To this end, this profile will include an assessment of elements of the disad business community such as: types of businesses, number of employees, sales, product lines, locations, profits, length of time in business, prior business training and/or education, areas of critical business need, and formal education.

Knowledge of this information will enable adjustments to be made to the training and counseling program in order to maximize its responsiveness to the needs of the beneficiaries. This profile will be completed prior to the end of the first year of the project.

III. Administration

A. Technical Assistance Through an American Contractor

The direct Contractor shall provide technical assistance, and institutional support to NAFCOC. In addition to assisting with the direct outputs of the project, the direct Contractor will assist in the further development of NAFCO's institutional capability to continue to provide management training and counseling assistance to disadvantaged entrepreneurs beyond the life of AID support for this project. The categories of inputs for which the direct Contractor will be responsible are as follows:

- a. Personnel (position descriptions are listed in Section III).

The American Contractor will provide personnel for the following positions:

- i. Executive Officer

The American Contractor's efforts on this project will be supervised and controlled by a high ranking officer by the firm. The primary purpose of this position will be to establish project policy from the firm's perspective, review all key deliverables, and appropriate interface with executives of NAFCOC.

- ii. Project Director (USA)

The primary purpose of this position will be to manage the project. The person who fills this position will have responsibilities which will include: interface with NAFCOC and AID/W, overall management of all project resources, and

responsibility for meeting the project's objectives

iii. Fiscal Officer

The primary purpose of this position will be to control and manage all project finances.

iv. Project Coordinator (South Africa)

This position will be responsible for working with NAFCOC to ensure the proper and proficient overall coordination of the project. The individual recruited and hired for this position will be a resident of South Africa with successful prior experience with training and counseling of disad. entrepreneurs.

v. Short Term Specialists

Short-term specialists will provide specialized assistance to the project in areas such as curriculum development, training of instructors and counselors, developing criteria for program evaluation, and developing a profile on disad businesses in South Africa. They will be based in the USA and travel to South Africa on an as-required basis.

vi. Administrative Support

Provisions will be made for part-time secretarial assistance in the USA. This position will be responsible for clerical and administrative backup necessary to support the coordination and management of the project in the USA. This position will charge to

the project 33 percent of a full-time effort.

Travel & Per Diem

The American contractor will have responsibility for the following two categories of travel and per diem:

i. Travel to South Africa by U.S. based personnel

This category of travel will accommodate travel and per diem expenses for the short-term specialists and the U.S. based project coordinator.

ii. Travel to USA

The project will provide for limited advanced training and travel to the U.S. for short-term practical on-the-job training in the U.S.

c. Materials Preparation

This input will include the preparation and reproduction and shipping of materials such as: training aids for instructors and counselors, course syllabi, case studies, and technical handouts. These materials will be prepared in both the USA and South Africa.

d. Communications

The project will make provisions for telex (including rental of telex machine), telephone and letter communications among staff

members in South Africa, and between South Africa and the U.S. and vice versa.

e. Evaluations

This project paper calls for periodic in-house and outside evaluations (descriptions of such evaluations are presented in Section VI of this project paper).

f. Consultants

From time to time during the project, there will be a need to utilize the services of expert consultants. Such consultants will be used in areas such as: specialized advanced training and specialized business counseling. Consultants will only be used when the necessary expertise (1) is not available among project staff members, and (2) cannot be obtained on a pro bono basis from a local university or another credible institution. To minimize the cost of consultants, an attempt will be made to use local (South African) expertise. If the expertise is not available locally, American consultants will be used.

g. Additional Studies

In an attempt to determine methods by which disad entrepreneurs in South Africa might be further assisted to participate more fully in, and benefit from the South African economy, provisions will be made for supplementary analyses. To this end, a private U.S. contractor will be commissioned to conduct a brief analysis of other impediments to the further development of disad entrepreneurs in South Africa, and to recommend appropriate and accessible means by

included in this category include: one typewriter for each office, reproduction equipment, and one desk and one chair for each employee.

d. Supplies

There will be a need for basic office supplies for both the training units and actual training sites. Such supplies will include paper, pencils, and other essential supplies.

e. Training Equipment

The project will provide training equipment necessary to properly conduct the entrepreneurial training. Items which will be provided for each training unit include:

- Audio-visual equipment (for making presentations on film)
- Selected recordings of audio and visual lectures
- Tape recorder
- Blackboard

f. Facilities Rental

Every reasonable attempt will be made to use donated facilities for conducting training courses. Such facilities might include churches, schools, community centers, and YMCAs. However, it is possible that in some instances such facilities will either not be available or appropriate. In such cases, rental facilities will be used. The cost for these rentals will be kept to a minimum.

4. In-Kind Contributions by NAFCOC

NAFCOC will make substantial contributions to the project. They will be in the form of (1) salaries, fringe benefits, and travel for their two current instructors and one manufacturing counselor, (2) training equipment and supplies, and (3) inputs by members of their Education and Manufacturing Committees. The specific areas in which NAFCOC will make contributions are as follows:

a. Current Instructors and Manufacturing Counselor

NAFCOC currently has two instructors and one manufacturing counselor. They will continue their current training schedules once the project is started. They will provide direct assistance to the project in the form of (1) training and counseling oversight (one will be designated as the project's Manager of Training and Counseling and (2) on-the-job training (new instructors and counselors will be assigned to observe and assist them during their training programs).

b. Training Equipment and Supplies

NAFCOC currently has limited equipment and supplies which it applies to its current training program. This equipment and supplies include: (1) two projectors and screens for making audio visual presentations, (2) office equipment such as typewriters, a copying machine, telephones, (3) office supplies such as paper, pads and pencils, and (4) training aids such as course syllabi and technical

c. Vehicles and Maintenance of Vehicles

NAFCOC currently provides an automobile for its Director of Educational Training and its manufacturing counselor.

d. Rental of Office and Training Facilities

NAFCOC currently maintains office facilities for its current training and counseling personnel. In addition, when donated space is not available, it rents facilities in which it holds training

e. The Education and Manufacturing Committees, and Executive Input

The Education and Manufacturing Committees of NAFCOC are largely composed of highly accomplished individuals who volunteer their services to NAFCOC. Each of these committees will provide valuable assistance to the project in the form of advisory services. They will meet at least once per quarter to provide assistance in areas such as curriculum, publicity, recruitment of instructors and counselors, training schedules and locations, and the direct provision of assistance to participating entrepreneurs. In addition, certain executives of NAFCOC, such as the Chairman of its Board of Directors, will donate time to the project in order to review and control project activities.

5. Contributions by Other Donors

It is anticipated that the project will benefit from substantial in-kind contributions from donors. Such donors are expected to include the following:

a. Local Universities

South African universities will make in-kind contributions in the form of providing training facilities and counseling services. Universities will be asked to provide limited counseling services, usually to resolve a specific problem in an area in which the project's counselor does not have sufficient expertise.

b. Other Organizations

Various other organizations such as churches, community centers, and corporations will donate facilities for training. The market value of donated facilities is projected to be \$150,000.

IV Implementation Plan

A. General

An implementation plan has been developed from the perspective of (1) attempting to maximize the realization of the project's outputs and (2) ensuring the proficient management and control of all of the project's inputs. This project will be implemented by the National African Federated Chamber of Commerce (NAFCOC) and a private U.S. contractor. NAFCOC will have responsibility for implementing the training and counseling portions of the project. The U.S. contractor will provide technical and administrative assistance to the Africa NAFCOC.

In this section descriptions of the following aspects of the implementation plan will be presented: implementing organizations, project organization, procurement plan and schedule of events.

B. Implementing Organizations

I. NAFCOC

a. General

It has been determined that the National African Federated Chamber of Commerce (NAFCOC) is the most suitable organization in South Africa to implement the training and counseling of disad entrepreneurs anticipated by the project. This determination was made as a result of interviews and observations made by (1) a team of AID consultants who spent five weeks in South Africa in the fall of 1982 for the purpose of developing the background for the Project Identification Document for this project, and (2) an individual AID consultant who spent two weeks in South Africa gathering information for this Project Paper. During each of these trips it was determined

that while NAFCOC has recently experienced some financial difficulties, due to the current economic recession in South Africa, it is the foremost representative of disad businesses in South Africa. Additionally, NAFCOC is currently operating a successful management training and counseling program for disad entrepreneurs in South Africa. This project is being implemented by two instructors and one manufacturing counselor. They currently conduct training seminars and counseling throughout South Africa.

NAFCOC has a membership of over 10,000 businesses and 18 affiliates located throughout South Africa, and in Namibia. The Chairman of NAFCOC, Dr. Sam Motsuenyane is highly respected by South Africa's business community,

2. U.S. Contractor

One of the key aspects of this project will be to assist the institutional development of NAFCOC, i.e., to assist the organization to enhance its professional capability to continue to provide training and counseling to disad entrepreneurs after this project is completed. To this end, an American contractor will be selected to assist NAFCOC to implement the project's outputs and to improve its organizational capabilities. This contractor may be a firm which is a current certified participant of the U.S. Small Business Administration's 8(a) program.

The firm that is selected to fulfill this responsibility must have had successful experience with (1) the type of entrepreneurial training and counseling anticipated by this project, preferable in a developing country, and (2) knowledge of, or the capacity to

understand socioeconomic and political conditions in South Africa. The firm must also have contacts in U.S. business schools in order to draw upon services in areas such as: specialized training and counseling, curriculum development and evaluation criteria.

The specific responsibilities of the American contractor will include the following:

- Overall project management.
- Receipt and proper appropriation of all project funds emanating from AID.
- Training of instructors and counselors.
- Development of criteria to evaluate the project.
- Development of curriculum for training courses.
- Facilitate travel in the U.S. for advanced training.
- Development of profile on disad businesses in South Africa.
- Overall project management and interface with AID/W.
- Selected business counseling and advanced training.

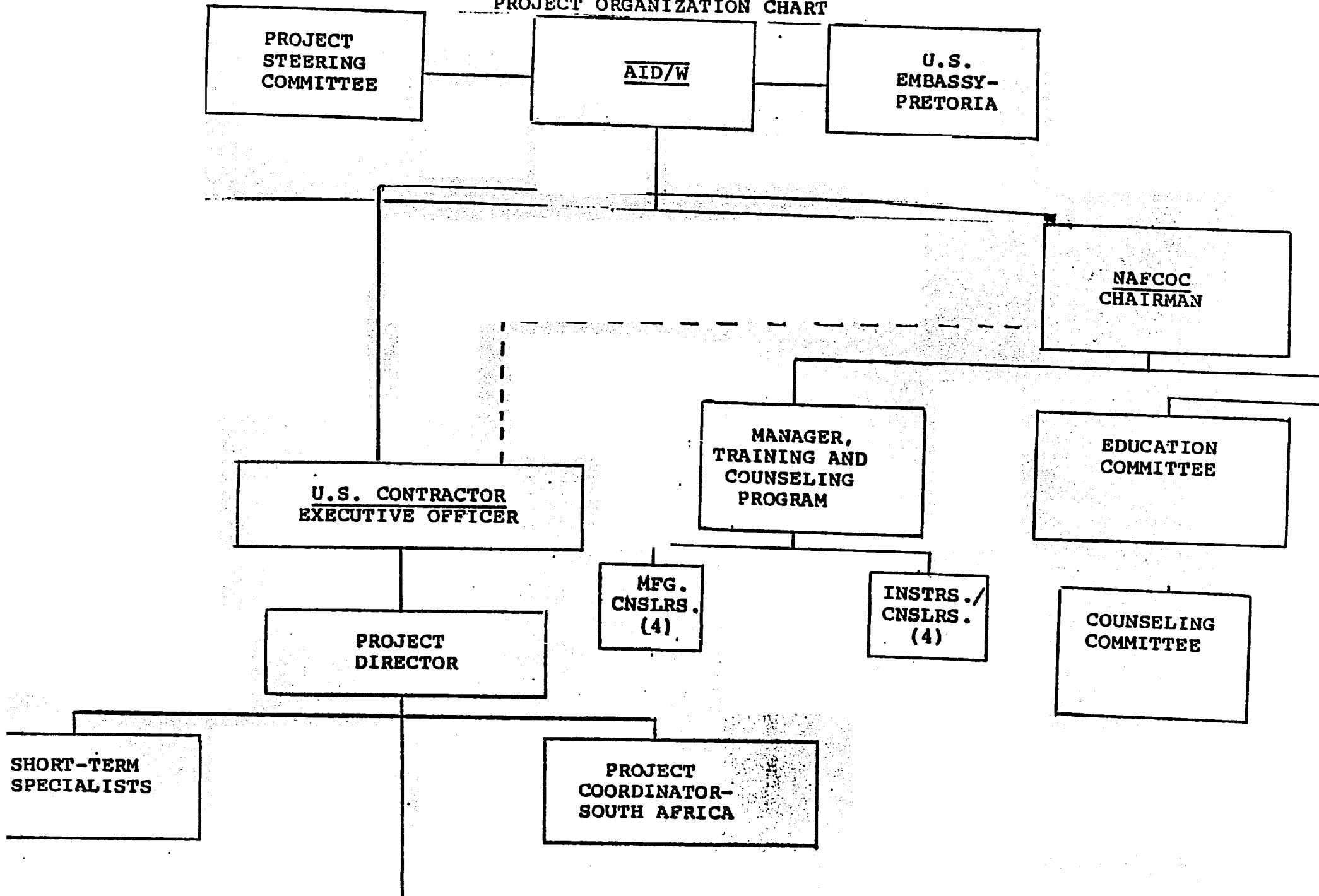
C. Project Organization

Exhibit 10 presents a graphic depiction of the project's organizational chart. The specific positions which NAFCO and the American contractor will implement are as follows:

1. Project Steering Committee

The primary purpose of the Steering Committee will be to establish administrative and operations policy for the project.

PROJECT ORGANIZATION CHART



Steering Committee will be chaired by an appropriate representative of AID/W, and its membership will include an appropriate representative of NAFCOC and the U.S. Contractor. The U.S. Embassy in Pretoria will have an ex officio membership on the Steering Committee.

The Steering Committee will have regularly scheduled meetings once per year, commencing in the first month of the project. It will meet at other times, if required. The meetings of the Steering Committee will be in Johannesburg, unless project circumstances and/or costs dictate otherwise.

The agenda of the Steering Committee meetings will include issues such as: (1) project implementation plans, including review of schedules, (2) project financial plan, (3) curriculum, and (4) overall project management, including administrative and programmatic policies.

2. NAFCOC

b. Education Committee and Counseling Committee

These committees will serve in an advisory capacity to NAFCOC on training and manufacturing counseling, respectively. Their primary responsibilities will include providing: (1) advice on the structure and format of training courses and counseling services, (2) regular review of training and counseling outputs. Each of these committees shall provide advice in their respective fields.

During the first six months of the project, each committee shall meet at least once per month to advise NAFCOC on start-up procedures and to review its progress. After the project's sixth month, they shall meet at least once every three months.

c. Training/Counseling Manager

The primary responsibility of the Training/Counseling Manager will be to oversee and coordinate all aspects of the actual training and counseling entrepreneurs. In this context, the specific duties of this individual will include the following:

- Supervision of instructors and counselors
- Prepare and submit monthly reports on the status of training and counseling aspects of the project to the U.S. contractor
- Identify and hire instructor/counselors and manufacturing counselors .
- Interface with short-term specialists who will conduct theoretical training program for instructors and counselors
- Make arrangements for, and coordinate on-the-job training for instructors and counselors
- Secure specific training sites
- Develop and coordinate training and counseling schedules
- Visit each training unit quarterly and observe actual training and counseling sessions; incorporate findings in regular programmatic reports.
- Coordinate publicity for the project

This individual will be provided to the project by NAFCOC. He/she shall have proven and successful management experience with a project of this magnitude. Additionally, he/she shall have (1) an intimate

knowledge and understanding of the status and needs of disadvantaged entrepreneurs in South Africa, and (2) experience with management training and counseling.

d. Instructors/Counselors

The project will identify, hire and train four instructor/counselors. One instructor/counselor will be headquartered at each of the project's four training/counseling units. To the degree possible, instructor/counselors will be residents of the area in which their designated training units are located.

The responsibilities of the Instructors/Counselors will include the following:

- Conduct management training courses at the introductory and intermediate levels.
- Conduct follow-up sessions for participants of training sessions who request it; when possible and practical such follow-up sessions will be held at business site of the participating entrepreneur.
- Conduct business counseling (consulting) for non-manufacturers
- Submit monthly reports to the training/counseling manager which will include assessments of (1) the number of entrepreneurs trained and counseled, (2) evaluation forms to be completed by participating entrepreneurs, (3) training and counseling schedule for the

succeeding three-month period, and (4) identification of, and plan for resolution of problem areas (if any).

Submit a monthly financial report which will include a full accounting of all project related expenditures.

Serve as senior officer and manager of his/her respective regional training unit.

To the degree possible, instructor/counselors will have had prior experience or education in business training and counseling. Since the project will only provide for one instructor/counselor at each training unit, it will be important for the instructor/counselors to be able to work independently, and to have backgrounds which will enable them, after successfully completing the six-month training program, to properly conduct the training, follow-up assistance, and counseling services anticipated by the project.

e. Manufacturing Counselors

The project will identify, hire and train four manufacturing counselors. One manufacturing counselor will be headquartered at each of the four training units. All reasonable attempts will be made to hire manufacturing counselors who reside in the areas in which they will be headquartered.

The responsibilities of the manufacturing counselors will include the following:

- Conduct manufacturing counseling.
- Submit monthly reports to the Training and Counseling Manager which will include (1) the

number and types of manufacturers counseled during the preceding thirty-day period, (2) evaluation forms which will have been completed by participating manufacturers, (3) schedule for manufacturing counseling to be conducted over the succeeding three month period, and (4) identification of, and plan for resolution of problem areas (if any).

Submit a monthly financial report which will include a full accounting of all project related expenditures.

Manufacturing counselors will have had prior experience with the business problems of manufacturers. Similar to the instructors/counselors, manufacturing counselors will be required to work independently. Therefore, they must be self-starters and dependable. Additionally, they must have the potential to successfully conduct manufacturing counseling after a six-month training and orientation program.

f. Secretary/Administrative Assistant

A secretary/administrative assistant will be hired for each of the four regional training/counseling units. Each will be the chief administrative and clerical officer for his/her respective office. Their specific responsibilities will include the following:

- Receive and tabulate evaluation reports to be completed by each training and counseling participant; provide instructor and manufacturing counselor with appropriate

results which will be included in their monthly programmatic report.

Order and be responsible for office supplies; requisitions for supplies will be approved by the Manager of each training unit and the Manager of Training and Counseling in Johannesburg.

Clerical and typing activities.

Keep current log of training schedule.

Respond to telephone inquiries regarding training and counseling.

3. American Contractor

a. Executive Officer

The Executive Review and Control Officer will be a senior member of the U.S. firm. His/her primary responsibility will be the executive management and control of the project. Specific areas of responsibility will include:

- Membership on the Project Steering Committee.
- Project planning and organization.
- Interface at executive level with NAFCOC.
- Review and approve all project reports prior to their submission to AID/W.
- Meet with AID/W when necessary and appropriate.

b. Project Director

The Project Director will be an employee of the U.S. contractor. His/her primary responsibility will be the overall management of the project. The position will be headquartered in the U.S. It will be

the primary contact vehicle for AID/W. The specific responsibilities for this position will be:

- Overall programmatic and fiscal management.
- Ensure that all project milestones are met.
- Interface as required with AID/W.
- Direct and ongoing interface with NAFCOC and project coordinator.
- Provide AID/W with program and financial reports as required.
- Supervise work of short-term specialists.
- Coordinate and manage travel to the U.S. by program participants.

c. Fiscal Officer

The Fiscal Officer will be responsible for managing and controlling the financial affairs of the project. In this context, his/her responsibilities will include:

- Establish a detailed system for properly accounting for all financial transactions.
- Receive and review monthly financial reports from the field. ~~(to include U.S.)~~
- Maintenance of up-to-date project accounting system, which will delineate actual versus budgeted expenditures for designated expense categories.
- Review and initial approval of all requests for funds by NAFCOC.

- Preparation of monthly financial reports to be submitted to AID/W.

d. Short-Term Specialists

The primary function of these individuals will be to provide specialized assistance to the project. They will either be staff members of, or consultants to the U.S. contractor. They will be based in the United States and travel to South Africa on an as-required basis.

The specific functions that the short-term specialists will be:

- Curriculum Development
- Training of instructors and counselors
- Establishment of evaluation criteria
- Develop economic profile on disadvantaged businesses in South Africa
- Specialized counseling
- Selected advanced training.

e. Project Coordinator (South Africa)

This position will be headquartered in South Africa and will be the primary interface between NAFCOC and the U.S. contractor. His/her principal office will be the Unit-1 Regional Training/Counseling Center in Johannesburg. The successful candidate for this position will be a South African national and have outstanding reputation in the field of business training and counseling for disadvantaged entrepreneurs. Additionally, this individual must have had successful experience with the management and/or coordination of a project of this magnitude.

The primary responsibilities of the Program Coordinator will include the following:

- Provide back-up project management assistance to NAFCOC as required and requested by NAFCOC.
- Assist with curriculum development.
- Assist with training of trainers and counselors.
- Work with NAFCOC to publicize the project.
- Receive and review monthly programmatic and financial reports from NAFCOC
- Prepare monthly reports and submit to U.S. contractor and AID/W.

E. Schedule of Events

1. General

The schedule of events presented in this section is an outlined depiction of the project's major anticipated activities. Provisions in the Project Implementation Plan and Monitoring Plan set forth mechanisms for identifying, reacting to, and resolving unprogrammable issues that might arise from time to time.

Certain activities have not been included in this outline because of their regularly recurring nature. These activities include the following:

- o Monthly programmatic and financial reports to be submitted to AID/W by NAFCOC.
- o Monthly field reports to be submitted to NAFCOC by instructor/counselors and manufacturing counselors.
- o Quarterly meetings by NAFCOC's Education and Counseling Committees.
- o Monthly programmatic and financial reports to be submitted to AID/W by the U.S. contactor.

2 Outline the Project Activities

The following designations have been used to indicate the party primarily responsible for implementing each activity:

- (a) NAFCOC
- (b) U.S. Contractor

- (c) AID/Washington
- (d) U.S. Embassy - Pretoria
- (*) On-going activity

<u>Month of</u>	<u>Project</u>	<u>Party Responsible</u>	<u>Project Activity</u>
<u>Life</u>		<u>for Implementation</u>	
1		A, B, C, D	Meeting of Steering Committee in Johannesburg; the following will be accomplished: <ul style="list-style-type: none">- Review and agree on project implementation schedule- Review and ensure understanding of project monitoring plan- Discuss and agree on detailed plan for project start-up including (1) the training schedule for the first year, (2) publicity of the project, (3) methods of identifying instructors and counselors, (4) salary

Month of

Project Party Responsible

Life for Implementation Project Activity

range for instructors
and counselors (5)
administrative procedures
for managing the project
and (6) personnel policies
and procedures for training
and counseling personnel.

1

A

Identify and hire one
instructor/counselor for Regional
Training/Counseling Unit 1.

1

A

Identify and hire one Manufacturing
Counselor for Regional
Training/Counseling Unit 1.

1

A

Identify and hire one
secretary/administrative assistant for
Regional Training/Counseling Unit 1.

1

A

Secure office facilities for Regional
Training/Counseling Unit 1.

1

B

Identify and hire Project Coordinator
(South Africa).

1

A, B

Procure office furnishings and
equipment for Unit 1

2-4

B

Develop detailed curriculum and
schedule for training instructors and
counselors.

Month of

Project Party Responsible

Life for Implementation

Project Activity

2-4

B

Develop curriculum for Introductory and Intermediate courses.

3

A

Secure agreements for donated training facilities; if appropriate donated facilities are not available follow established procedures and make arrangements for rental with project coordinator

4*

A

Publicize the project.

4-6

A, B

Theoretical training of instructor and manufacturing counselor for Unit 1.

6-9

B

Conduct necessary research and developing statistical profile on disad businesses in South Africa.

7-9

A

On the job training for instructors and manufacturing counselors for Unit 1.

7

A

Procure vehicles for use by instructor and counselor at Unit 1

<u>Month of</u>	<u>Project</u>	<u>Party Responsible</u>	<u>Project Activity.</u>
<u>Life</u>	<u>for Implementation</u>		
7		A	Procure training equipment for Unit 1.
10*		A	Commence training and counseling through Unit 1.
11-12			Internal project evaluation.
12		A	Rent office facilities for Training Unit 2 in Durban; procure office equipment and furnishings.
12		A	Identify and hire instructor/counselor and manufacturing counselor for Unit 2 - Durban.
12		A	Identify and hire a secretary/administrative assistant for Unit 2.
12-14		B	Theoretical training program for Unit 2 instructor/counselor and manufacturing counselor.
14		A, B, C	Meeting of Steering Committee; agenda shall include the following: (1) review of first year's activities, (2) review

<u>Month of</u>	<u>Project</u>	<u>Party Responsible</u>	<u>Project Activity</u>
<u>Life</u>	<u>for Implementation</u>		
			evaluation report, (3) make provisions for changes (if any) based on findings in 1&2 above, agree on training schedule for subsequent 12-month period.
15*		A	Publicize project in Region 2.
15		A	Procure vehicles and training equipment for Unit 2 instructor/counselor and manufacturing counselor.
16-18		A	On-the-job training for instructor/counselor and manufacturing counselor in Unit 2.
17-20		C	Formal and major project evaluation of project; to be done by an external firm.
18		A	Rent office facilities for Unit 3;
18		B	Procure office equipment and furnishings.

<u>Month of</u>	<u>Project</u>	<u>Party Responsible</u>	<u>Project Activity</u>
<u>Life</u>	<u>for Implementation</u>		
18		A	Identify and hire one instructor/counselor and one manufacturing counselor for Unit 3.
18		A	Identify and hire one secretary/administrative assistant for Unit 3.
19*		A	Begin training and counseling activities in Unit 2.
19-21		B	Theoretical training of Unit 3 instructor/counselor and manufacturing counselor.
22*		A	Begin to publicize project in Unit 3 - Port Elizabeth.
21		A	Procure vehicles and training equipment for Unit 3 instructor/counselor and manufacturing counselor.
22-24		A	On-the-job training for Unit 3 instructor/counselor and manufacturing counselor.
22		C	Review evaluation report, make appropriate decisions regarding the future direction of the project.

<u>Month of</u>	<u>Project</u>	<u>Party Responsible</u>	<u>Project Activity</u>
<u>Life</u>	<u>for Implementation</u>		
25*		A	Commence training and counseling in Region 3 - Port Elizabeth area.
24-26		B	Supplementary study to determine potential avenues other than management training and counseling for assisting disad South African entrepreneurs to participate more fully in the South African economy.
28		A	Procure vehicles and training equipment for instructor and counselor for Unit 4.
27-30		A	On-the-job training of instructor and manufacturing counselor for Regional Training Unit 4.
27*		A, B	Begin to publicize the project in Region 4.
27		A	Identify and hire one secretary/administrative assistant for Unit 3.

<u>Month of</u>	<u>Project</u>	<u>Party Responsible</u>	<u>Project Activity</u>
<u>Life</u>	<u>for Implementation</u>		
30*		A	Commence management training and manufacturing counseling in Region 4.
33-36		C	Internal project evaluation by AID/W.
37		A, B, C, D	Meeting of Steering Committee; agenda will include (1) review of evaluation report of AID/W, (2) review project activities during the year three in depth of projected outputs, (3) make provisions for appropriate changes (if any) based on 1&2; (4) agree on training schedule for year four.
45-47		B	Major program evaluation by external source (a U.S. contractor).
36-48*		A	Continue training and counseling at each of the project's four Regional Training Units.
48			Termination of the project.

Monitoring Plan

A. General

AID/W will be responsible for monitoring the project. Regularly scheduled programmatic and financial reports which will be submitted by the U.S. Contractor and NAFCOC will provide the basic means by which AID/W will remain informed of project activities. In addition, periodic "site-visits" will be made by AID/W. In the subsequent sub-sections of this chapter, specific elements of the project Monitoring Plan are presented. All reports shall be on a monthly basis unless otherwise agreed to in writing by USAID.

B. Programmatic Reporting and Control

1. Monthly Project Reports Submitted by NAFCOC

Beginning with the second month of the project, on or before the fifteenth day of each month, NAFCO will provide the U.S. Contractor and AID/W with a programmatic report. The primary purpose of such reports will be to provide the U. S. Contractor and AID/W with a detailed assessment of all programmatic activities in the preceding month. They will include the following elements:

- Anticipated training and counseling schedules
- Actual training schedules, including numbers of participants
- Reasons for any difference between actual and anticipated activities.
- A summary of evaluation forms which will be completed by all program participants. These evaluation forms will include information such as: type of business, size, number of employees, location, major problem areas, type of training or counseling received, degree

to which entrepreneurs were helped by participation, and recommended ways (if any) to improve the effectiveness of the project.

Identification of any programmatic problem areas, and recommendations for resolution.

Anticipated training and/or counseling schedules for the subsequent three month period, including expected levels of participation.

Monthly program reports will be submitted directly to the Project Coordinator, who will forward them to the home office of the U.S. contractor for inclusion in its monthly reports to AID/W. A copy of monthly program reports will be sent to the U.S. Embassy in Pretoria.

- Monthly Programmatic Reports submitted by the U.S. Contractor

The U.S. Contractor will be responsible for submitting to AID/W, monthly, an assessment of overall project activities. These reports will include information in areas such as:

- Overall status report on all key project activities, including training, counseling and follow-up assistance.
- Activities related to curriculum development and training of instructors, including anticipated and actual schedules.
- Professional support provided to NAFCOC.
- Direct assistance provided to disad entrepreneurs such as specialized counseling, or advanced training

- Programmatic schedule of events for subsequent three month period.
- Identification of problem areas, and recommended solutions.

The Monthly Programmatic Reports by the U. S. Contractor will be submitted to AID/W by the twentieth day of each month. Copies of these reports will be forwarded to the U.S. Embassy and NAFCOC. They shall begin during the second month of the project.

C. Financial Reporting and Control

Project funds in Schedule Exhibit 3 & 4 shall be channeled from AID through the U.S. Contractor TO NAFCOC. Funds coming from AID will either be designated for expenditure by NAFCOC or the U.S. Contractor as set forth in budget(s). Those funds designated for NAFCOC will be placed in a special account, for immediate transfer to NAFCOC. The U.S. Contractor will not commingle funds designated for NAFCOC with other company funds.

At the inception of the project, AID/W will provide NAFCO with sufficient funds to cover the first three months of operations. The exact amount of this "advance" will be determined by (1) the Financial Plan presented in this Project Paper, and (2) a detailed budget for the first year which will be submitted by NAFCOC at the outset of the Project. This budget will be reviewed by the Project Steering Committee and approved by AID/W.

1. Monthly Financial Reports by NAFCOC

Beginning with the second month of the Project, NAFCOC will be responsible for submitting monthly financial reports to AID/W and the U.S. Contractor. These reports will include the following

A summary of all project expenditures and disbursements for the month; both budgeted and actual amounts will be presented

A detailed presentation of expenditures and disbursements in each "line-item" of the budget, including a proper accounting of all expenses associated with each training unit and individual instructors and manufacturing counselors (each instructor/counselor and manufacturing counselor will be given an advance of \$350 to cover routine expenses such as gasoline and emergency automobile repairs; he/she will submit monthly financial reports to the Manager of Training and Counseling who will have review and approval authority; reimbursement will be made within ten working days for the proper and approved expenses)

Projected budget for subsequent three month period; special documentation will be provided for all items (1) previously unbudgeted and/or (2) previously anticipated costs which exceed budget.

NAFCOC's monthly financial reports will be submitted to the Project Coordinator in Johannesburg by the fifteenth day of each month. He/she will review them for conformity and completeness. Once the reports have been determined to be complete and accurate, they will be forwarded to the home office of the U.S. contractor for review and approval by the Project Fiscal Officer and the Project Director. After approval by the Project Director, NAFCOC's monthly financial

reports will be submitted to AID/W for final approval and expeditious "fund" replenishment.

After the monthly reports are reviewed and approved by the U.S. contractor and AID/W, the U.S. contractor will credit NAFCOC's account in the following manner: (1) an amount equal to funds expended during the previous month, (2) funds sufficient to cover any approved extraordinary expenses during the following month and (3) funds to cover major procurements.

2. Monthly Financial Reports Submitted by U.S. Contractor

The U.S. Contractor will submit monthly financial reports to AID/W. These reports which will commence during the second month of the project will include the following:

- A summary of all project expenditures and disbursements for the month.
- A detailed accounting for all expenses and disbursement for each line item.
- Projected expenses and disbursements for subsequent three month period.

Monthly financial reports must be submitted by AID/W not later than the fifteenth day of each month. Inclusion of financial data on matters which come under NAFCOC's purview will "lag" by one month due to necessary time delays in mailing and reviewing. The U.S. contractor shall be reimbursed for its approved expenses and fees in accordance with USG and USAID policies.

D. Periodic Field Trips by AID/W

AID/W will designate a representative to conduct an "on-site" visit at least once per year. Such field visits may be conducted

around the time of the annual meeting of the Project Steering Committee, which will reduce transportation costs. The primary purpose of field trips will be to gain a first hand knowledge and understanding of the programmatic and administrative operations of the Project. The activities in which the AID/W will engage during such visits will include:

- Visit to training site(s)
- Observation of counseling activities
- Meetings with appropriate NAFCOC personnel
- Meeting with Project Coordinator.

VI Project Logical Framework

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

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Project Title & Number: Entrepreneurial Training for Disadvantaged South Africans, 690-0220

Life of Project: 4 Years
From FY 83 to FY 88
Total U.S. Funding 3,000,000
Date Prepared: 8/31/83

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Program or Sector Goal: The broader objective to which this project contributes: The objective is to improve the level of management skills of disadvantaged South African businesspersons in order to maximize their ability to participate in, and benefit from the South African economy.</p>	<p>Measure of Goal Achievement: Disadvantaged entrepreneurs will be obtaining a greater share of purchases of their community and manufacturers will be supplying increased number of products to the economy.</p>	<p>Business statistics. Ministry of Economic Development estimates Economic statistics developed by local universities. Baseline criteria developed by contractor. Evaluation forms completed by program participants.</p>	<p>Assumptions for achieving goal targets: SAG does not impose more restrictive laws. SAG continues to grant business licenses. Continued political and social climate conducive to implementation of project. Ability to identify and select appropriate U.S. contractor. Continued capability of NAFDOC to take leadership role in attaining goal targets.</p>
<p>Project Purpose: The project's purpose is to strengthen and expand existing disadvantaged organizational capability to provide management and other business-related skills to disadvantaged entrepreneurs in the major regions of the country such as Johannesburg, Durban, Port Elizabeth, and Cape Town.</p>	<p>Conditions that will indicate purpose has been achieved: End of project status. NAFDOC will have staffed regional offices with trained instructors/counselors and appropriate curriculum to meet the basic management training needs of disadvantaged businesses. Disadvantaged business competence will be increased and their operations will be more efficient and effective. Study will have been concluded concerning other obstacles to the effective operations of disadvantaged business.</p>	<p>In-depth AID evaluation at the end of: 12 months - in house 24 months - formal 36 months - in house 48 months - formal Established evaluation criteria. Measurements to be conducted against baseline data. Regularly scheduled contractor and NAFDOC reports. Project audit.</p>	<p>Assumptions for achieving purpose: 1. Continued need for, and interest in the program by the disadvantaged business community. 2. Availability of persons with capability to be instructors/counselors. 3. Continued capability of NAFDOC to take leadership role in attaining project's purpose. 4. Courses will be at appropriate level and culturally suitable to meet needs. 5. Measurement criteria are quantifiable.</p>
<p>Outputs: 1. Training of instructors and counselors, and development of course materials. 2. Courses taught at basic, intermediate, and advanced levels by NAFDOC. 3. Counseling of businesses by NAFDOC. 4. Strengthened institutional capability of NAFDOC and other participating organizations. 5. Conduct of study related to other constraints impacting on the effectiveness of disadvantaged entrepreneurs. 6. Statistical profile of disadvantaged businesses in S.A. developed.</p>	<p>Magnitude of Outputs: 1. Approx. 1,480 persons will participate in basic business training courses. 2. Approx. 740 persons will participate in intermediate business training courses. 3. Approx. 80 persons will participate in advanced training program. 4. Approx. 518 firms will be counseled. 5. 4 instructors/counselors will be hired and trained. 6. 4 manufacturing counselors will be hired and trained. 7. NAFDOC capacity to train and counsel a minimum of 1,000 disadvantaged entrepreneurs per year.</p>	<p>Regularly scheduled reports by contractor, NAFDOC training records, and instructor and counselor reports.</p>	<p>Assumptions for achieving outputs: 1. Instructors and counselors can be identified and hired. 2. Businessmen will take courses. 3. Businessmen will participate in counseling program. 4. NAFDOC's continued interest in, and capacity to manage the training program. 5. Measurement criteria are quantifiable 6. Appropriate facilities for conducting training will be provided by local institutions.</p>
<p>Inputs: 1. Technical assistance through U.S. contractor. 2. Training and counseling, by NAFDOC. 3. Commodities. 4. In-kind contributions by NAFDOC. 5. Contributions by other donors.</p>	<p>Implementation Target (Type & Quan.) 1. \$1,648,000 2. 11,400,000 3. 530,000 4. 564,367 5. 250,000</p>	<p>AID/W and Contractor records NAFDOC records.</p>	<p>Assumptions for providing inputs: 1. Appropriate U.S. contractor will be identified. 2. NAFDOC and other local institutions will carry out their agreed upon inputs.</p>

VII Evaluation Arrangements

Periodic evaluations will be integral parts of the project. The fundamental purpose of project evaluations will be two-fold: first they will measure the progress of the project in light of established evaluation criteria, and secondly, they will provide USAID, NAFCOC and the U.S. contractor with a basis for taking necessary and appropriate action to ensure maximum return on each project dollar spent. The project will have four scheduled evaluations. Two will be conducted by USAID, and two will be conducted by a U.S. contractor.

A. Evaluation Criteria

The U.S. contractor retained to assist NAFCOC in implementing the project will develop criteria for evaluating the project. Evaluation criteria, as defined in the Project Paper Logical Framework, will reflect the intent of AID to maximize the accomplishment of the project's (1) goal to improve the level of management skills of disad South African entrepreneurs and, (2) purpose to strengthen and expand existing disad organizational capability to assist disad business persons through various management training and counseling programs.

The specific evaluation criteria will include but not necessarily be limited to the following:

Organization and Administration - Evaluate the degree to which mechanisms have been established and implemented to effectively manage and control the project's inputs.

- Realization of Project Outputs - Evaluate the degree to which the project's outputs are accomplished in accordance with established schedules.

- Attainment of the Projects Goals and Purpose
Notwithstanding the realization of specific project outputs, a thorough evaluation must be made of the degree to which (1) participating entrepreneurs have been assisted by the project, and (2) NAFCO's increased institutional capability to provide management training and counseling to disadvantaged business persons.

Adherence to Financing Plan - Evaluate the effectiveness with which the U.S. contractor and NAFCO have managed the project's financial resources.

B. Evaluation Schedule

The regularly scheduled evaluations are as follows:

1. "In-house" Evaluation After One Year

The primary purpose of this evaluation will be to determine the degree to which the project start-up activities, and participant training and counseling activities are proceeding according to plan.

Recommendations will be made concerning necessary improvements to the project design and/or implementation schedule or activities. The evaluation will be conducted by AID/W or its designee. It will begin not later than month 11 and be completed by the end of month 12.

2. Major Program Evaluation

This evaluation will commence in the seventeenth month and end not later than the twentieth month of the project. During this period, three of the project's four regional training and counseling units will have been established and nearly 400 entrepreneurs will have been trained and counseled. In addition, a substantial amount of the project's commodities will have been procured. In light of these factors, a sufficient basis will exist for conducting an in-depth evaluation.

The recommendations which will accompany the evaluation report will emphasize methods to maximize the success of training and counseling during the third and fourth years of the project. Based on the results of this evaluation AID/Washington will determine the appropriateness and desirability of subsequent funding for years 3-4.

3. "Internal" Evaluation at the End of Three Years

The primary goal of this evaluation will be to observe the progress of the project during the third year. The evaluation will be predicated on established criteria in areas such as inputs, outputs, goals and purpose, and finance. It will be started by the thirty-third month of the project, and completed by the end of the thirty-six month. AID/W or its designee will conduct this evaluation.

4. Major Program Evaluation

This major evaluation will be similar in scope to the one that will have been conducted during the second year. The information base, however, will be considerably more extensive than before. This evaluation will commence during month 45 and be completed by the end of month 47.

**Non U.S. Grantees and Non U.S. Subgrantees
NONPROFIT ORGANIZATIONS—OTHER THAN EDUCATIONAL INSTITUTIONS
INDEX OF
STANDARD PROVISIONS**

- | | |
|---|---|
| <ul style="list-style-type: none">1. Allowable Costs and Contributions (Nonprofit Organizations—Other Than Educational Institutions)2. Accounting, Audit and Records3. Refunds4. Revision of Financial Plans5. Termination6. Disputes7. Nondiscrimination in Federally Assisted Programs8A. Negotiated Overhead Rates—Predetermined8B. Negotiated Overhead Rates—Nonprofit Organizations Other Than Educational Institutions9A. Payment—Periodic Advance9B. Payment—Reimbursement10. Travel and Transportation11. Ocean Shipment of Goods12A. Procurement of Goods and Services Under \$250,00012B. Procurement of Goods and Services Over \$250,00013. Local Cost Financing With U.S. Dollars14. Government Furnished Excess Personal Property | <ul style="list-style-type: none">15A. Title To and Use of Property (Grantee Title)15B. Title To and Care of Property (U.S. Government Title)15C. Title To and Care of Property (Cooperating Country Title)16. Voluntary Participation17. Prohibition on Abortion-Related Activities18. Voluntary Participation Requirements for Sterilization Programs19. Publications20. Patents21. Regulations Governing Employees Outside the United States22. Subordinate Agreements23. Participant Training24. Health and Accident Coverage for AID Participant Trainees25. U.S. Officials Not to Benefit26. Covenant Against Contingent Fees27. Nonliability28. Amendment29. The Grant30. Notices |
|---|---|

—SEE FOOTNOTES ON PAGE 20—

If the institution is not on a predetermined basis, omit 8A; otherwise use both provisions.

Select only 1 payment provision from Group 9.

Select only 1 procurement provision from Group 12.

Select only 1 title provision from Group 15, if title to all property is vested in one entity; however, if title is to be split by categories among two or more entities, select the appropriate provisions from Group 15 and identify the categories and entities in the Schedule of the Grant

1. ALLOWABLE COSTS AND CONTRIBUTIONS (NONPROFIT ORGANIZATIONS—OTHER THAN EDUCATIONAL INSTITUTIONS)

(This provision is applicable to nonprofit organizations other than educational institutions.)

(a) The Grantee shall be reimbursed for costs incurred in carrying out the purposes of this grant which are determined by the Grant Officer to be reasonable, allocable, and allowable in accordance with the terms of (1) this grant, (2) any negotiated advance understanding on particular cost items, and (3) cost principles contained in OMB Circular A-122 en-

titled "Cost Principles for Nonprofit Organizations" in effect on the date of this grant (hereinafter referred to as "applicable cost principles").

(b) If Grantee contributions in the form of cost sharing/matching are required under this grant, the allowability of costs applied to the grant for such contributions shall be determined by the Grant Officer in accordance with the terms of paragraph 1K, "Cost Sharing and Matching," of Handbook 13 in effect on the date of this grant.

(c) The requirements set forth in this provision are only applicable to costs incurred with funds provided by AID under this grant. Except for paragraph (b) above, the requirements set forth in this provision are

not applicable to costs incurred by the Grantee from non-Federal funds. Such costs will be considered allowable to the extent they conform to the requirements of paragraph (b) above and are incurred for the purposes of the grant.

2. ACCOUNTING, AUDIT, AND RECORDS

(a) With respect to accounting, records and audit, the Grantee shall comply with the requirements set forth in paragraphs 11, 1J, and 1L, of Handbook 13.

(b) The AID Inspector General and the Comptroller General of the United States or their duly authorized representatives (see paragraph 116 of Chapter 1 of Handbook 13) reserve the right to conduct an audit of the Grantee's books and records to determine whether the Grantee has expended AID's funds in accordance with the terms and conditions of this grant. The Grantee agrees to make available any further information requested by AID with respect to any questions arising as a result of the audit.

3. REFUNDS

(a) If use of the AID funds provided hereunder results in accrual of interest to the Grantee or to any other person to whom Grantee makes such funds available in carrying out the purposes of the grant, the Grantee shall refund to AID an amount equivalent to the amount of interest accrued.

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

(c) If, at any time during the life of the grant, or as a result of final audit, it is determined by AID that funds it provided under this Grant have been expended for purposes not in accordance with the terms of this grant, the Grantee shall refund such amount to AID.

4. REVISION OF FINANCIAL PLANS

(a) The Financial Plan, i.e., grant budget, is the financial expression of the project or program as approved during the application and/or award process.

(b) The Grantee shall immediately request approval from the Grant Officer when there is reason to believe that within the next 30 calendar days a revision of the approved Financial Plan will be necessary for any of the following reasons:

1. To change the scope or the objectives of the project or program.

2. Additional funding is needed.

3. The Grantee expects the amount of AID authorized funds will exceed its needs by more than \$5,000 or five percent of the AID award, whichever is greater.

4. The Grantee plans to transfer amounts budgeted for indirect costs to absorb increases in direct costs or vice versa.

5. The Grantee plans to transfer funds budgeted for training allowances (direct payments to trainees) to other categories of expense.

6. The Grantee plans to incur an expenditure which would require approval under the terms of this grant, and was not included in the approved Financial Plan.

7. The Grantee intends to subcontract or subgrant any of the substantive programmatic work under this grant, and such subcontracts or subgrants were not included in the approved Financial Plan.

(c) When requesting approval for budget revisions, the Grantee shall use the budget forms that were used in the application unless a letter request will suffice.

(d) Within 30 calendar days from the date of the receipt of the request for budget revisions, the Grant Officer shall review the request and notify the Grantee whether the budget revisions have been approved. If the revisions are still under consideration at the end of 30 calendar days, the Grant Officer shall inform the Grantee in writing of the date when the Grantee may expect the decision. The Grant Officer shall obtain the Project Officer's clearance on all such requests prior to communication with the Grantee.

(e) If the requested budget revision requires the obligation of additional funding, and, if after notification pursuant to this Standard Provision, AID determines not to provide additional funds, the AID Grant Officer will, upon written request of the Grantee, terminate this grant pursuant to the Standard Provision of this grant, entitled "Termination."

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

notice an increased amount constituting the total amount then obligated under the grant.

5. TERMINATION

(a) *For Cause.* This grant may be terminated for cause at any time, in whole or in part, by the Grant Officer upon written notice to the Grantee, whenever it is determined that the Grantee has failed to comply with the conditions of the grant.

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

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

6. DISPUTES

(a) Any dispute arising under this grant, which is not disposed of by agreement, shall be decided by the AID Grant Officer who shall reduce his/her decision to writing and mail or otherwise furnish a copy thereof to the Grantee.

(b) Decisions of the AID Grant Officer shall be final and conclusive unless, within 30 days of receipt

of the decision of the Grant Officer, the Grantee appeals the decision to the Administrator, AID. Any appeal made under this provision shall be in writing and addressed to the Administrator, Agency for International Development, Washington, D.C. 20523; a copy of any such appeal shall be concurrently furnished to the Grant Officer.

(c) In connection with any appeal proceeding under this provision, the Grantee shall be afforded an opportunity to be heard and to offer evidence in support of its appeal.

(d) A decision under this provision by the Administrator or his duly authorized representative shall be final and conclusive, unless determined by a court of competent jurisdiction to be fraudulent, capricious, arbitrary, an abuse of discretion, or based on clearly erroneous findings of facts or conclusions of law.

7. NONDISCRIMINATION IN FEDERALLY ASSISTED PROGRAMS

(This provision is applicable to non-U.S. Grantees and non-U.S. Subgrantees when any portion of the program being supported is to be undertaken in the United States.)

(a) No person in the United States shall be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity receiving financial assistance from AID in accordance with:

(1) Title VI of the Civil Rights Act of 1964 (Pub. L. 38-352, 42 U.S.C. 2000-d) which prohibits discrimination on the basis of race, color or national origin, in programs and activities receiving Federal financial assistance.

(2) Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) which prohibits discrimination on the basis of handicap in programs and activities receiving Federal financial assistance.

(3) The Age Discrimination Act of 1975, as amended (Pub. L. 95-478), which prohibits discrimination based on age in the delivery of services and benefits supported with Federal funds.

(4) Title IX of the Education Amendments of 1972 (20 U.S.C. 1681, *et seq.*) which prohibits discrimination on the basis of sex in education programs and activities receiving Federal financial assistance (whether or not the programs or activities are offered or sponsored by an educational institution); and

(b) In accordance with its written assurance, the Grantee agrees to comply with AID regulations implementing the above nondiscrimination laws, set forth in Chapter II of Title 22 of the Code of Federal Regulations.

8A. NEGOTIATED OVERHEAD RATES—PREDETERMINED

(This provision is applicable to educational or other nonprofit organizations or institutions that are on a predetermined overhead rate basis.)

(a) Notwithstanding the provision of this grant entitled "Allowable Costs and Contributions," the allowable indirect costs under this grant shall be obtained by applying predetermined overhead rates to the base(s) agreed upon by the parties, as specified in the Schedule of this grant.

(b) The Grantee, except for educational institutions covered by OMB Circular A-88, as soon as possible but not later than 3 months after the close of each of its accounting periods during the term of this grant, shall submit to the AID Grant Officer with copies to the cognizant audit activity, the AID Inspector General, and the AID Overhead and Special Costs Branch, Services Operations Division, Office of Contract Management, AID/Washington, D.C. 20523, a proposed predetermined overhead rate or rates based on the Grantee's actual cost experience during that fiscal year, together with supporting cost data. Negotiation of predetermined overhead rates by the Grantee and the AID Grant Officer shall be undertaken as promptly as practicable 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) Predetermined rates appropriate for the work under this grant in effect on the effective date of this grant shall be incorporated into the grant. Rates for subsequent periods shall be negotiated and the results set forth in a written overhead rate agreement executed by both parties. Such agreement shall be automatically incorporated into this grant upon execution and shall specify (1) the agreed predetermined overhead rates, (2) the base(s) to which the rates apply, (3) the fiscal year unless the parties agree to a different period for which the rates apply, and (4) the specific items treated as direct costs or any changes in the items previously agreed to be direct costs. The overhead 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 overhead rates for any fiscal year or different period agreed to by the parties, the Grantee shall be reimbursed either at the rates fixed for the previous fiscal year or other period or at billing rates acceptable to the AID Grant Officer subject to appropriate adjust-

ment when the final rates for the fiscal year or other period are established.

(f) Any failure by the parties to agree on any predetermined overhead rate or rates under this provision shall not be considered a dispute within the meaning of the "Disputes" provision of this grant. If for any fiscal year or other period specified in the grant the parties fail to agree to a predetermined overhead rate or rates, it is agreed that the allowable overhead costs under this grant shall be obtained by applying negotiated final overhead rates in accordance with the terms of the applicable "Negotiated Overhead Rates" provision of this grant.

8B. NEGOTIATED OVERHEAD RATES—NONPROFIT ORGANIZATIONS—OTHER THAN EDUCATIONAL INSTITUTIONS

(This provision is applicable to nonprofit organizations which do not have predetermined rates; however, it shall also be included when the NEGOTIATED OVERHEAD RATES—PREDETERMINED provision is used, under the conditions set forth therein.)

(a) Pursuant to this provision, an overhead rate shall be established for each of the Grantee's accounting periods during the term of this Grant. Pending establishment of a final rate, the parties have agreed that provisional payments on account of allowable indirect costs shall be at the rate(s), on the base(s), and for the period shown in the Schedule of this grant.

(b) The Grantee, as soon as possible but not later than 90 days after the close of each of its accounting periods during the term of this grant, shall submit to the Grant Officer with copies to the Overhead and Special Cost Branch, Services Operations Division, Office of Contract Management, AID/Washington, D.C. 20523, and to the Office of the Inspector General, AID/Washington, D.C. 20523, a proposed final rate or rates for the period, together with supporting cost data. Negotiation of final overhead rates by the Grantee and the Grant Officer shall be undertaken as promptly as practicable after receipt of the Grantee's proposal.

(c) Allowability of costs and acceptability of cost allocation methods shall be determined in accordance with OMB Circular A-122 (Cost Principles for Nonprofit Organizations) as in effect on the date of this grant.

(d) The results of each negotiation shall be set forth in a written overhead rate agreement executed by both parties. Such agreement shall specify (1) the agreed final rates, (2) the bases to which the rates apply, and (3) the periods for which the rates apply.

The overhead rate agreement shall not change any monetary ceiling, grant obligation, or specific cost allowance or disallowance provided for in this grant.

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

(f) Any failure by the parties to agree on any final rate or rates under this provision shall be considered a dispute within the meaning of the Standard Provision of the Grant, entitled "Disputes" and shall be disposed of in accordance therewith.

9A. PAYMENT—PERIODIC ADVANCE

(This provision is applicable when (1) the requirements of paragraph 1.0.6. of Chapter 1 of Handbook 13 have been met, and (2) the Grantee has the ability to maintain procedures that will minimize the time elapsing between the transfer of funds and the disbursement thereof, and (3) the Grantee's financial management system meets the standards for fund control and accountability required under the standard provision of this agreement entitled "Accounting, Audit and Records.")

a. Each month (or quarter, if the Grantee is on a quarterly basis) after the initial cash advance, the Grantee shall submit to the AID Controller voucher form SF 1034 (original) and SF 1034-A (three copies), "Public Voucher for Purchases and Services Other Than Personal."

b. Each voucher shall be identified by the appropriate grant number and shall be accompanied by an original and three copies of a report in the following format:

FEDERAL CASH ADVANCE STATUS REPORT
(Report Control No. W-245)

A. Period covered by this report:
FROM (Month, day, year) _____
TO (Month, day, year) _____

Period covered by the next report
FROM (Month, day, year) _____
TO (Month, day, year) _____

B. Cash Advance Use and Needs
1. Cash advance on hand at the beginning of this reporting period \$ _____

- 2. U.S. Treasury check advance(s) received during this reporting period .. \$ _____
- 3. Interest earned on cash advance during this reporting period \$ _____
- 4. GROSS cash advance available during this reporting period (Lines 1, 2, & 3) \$ _____
- 5. LESS, interest remitted to AID during this reporting period \$ _____
- 6. NET cash advance available during this reporting period (Line 4 minus Line 5) \$ _____
- 7. Total disbursements during this reporting period, including subadvances (see footnote 1)..... \$ _____
- 8. Amount of cash advances available at the end of this reporting period (Line 6 minus Line 7) \$ _____
- 9. Projected disbursements, including subadvances, for the next reporting period (see footnote 2) \$ _____
- 10. Additional cash advance requested for the next reporting period (Line 9 minus Line 8) \$ _____
- 11. Total interest earned on cash advance from the start of the Grant to the end of this reporting period, but not remitted to AID \$ _____
- 12. Total cash advances to subgrantees, if any, as of the end of this reporting period..... \$ _____

FOOTNOTES:

- 1. The Grantee shall submit a cumulative detailed report of disbursements by BUDGET line item quarterly; the monthly cash advance status report does not require a detailed report of disbursements.
- 2. The Grantee shall attach to this summary a detailed projection by BUDGET line item, of its anticipated needs for the next reporting period.

C. Certification

The undersigned hereby certifies: (1) that the report in paragraph B.9 above represents the best estimates of funds needed for the disbursements to be incurred over the period described, (2) that appropriate refund or credit to the Grant will be made in the event of disallowance in accordance with the terms of the Grant or Agreement, (3) that appropriate refund or credit to the Grant will be made in the event funds are not expended, and that any interest accrued on the funds made available herein will be refunded to AID.

DATE _____ BY _____
TITLE _____

c. AID funds shall not be commingled with other Grantee owned or controlled funds. The Grantee shall deposit all AID cash advances in a separate bank account and shall make all disbursements for goods and services from this account.

9B. PAYMENT--REIMBURSEMENT

(This provision is applicable to grants for construction, or to grants which do not provide for a periodic advance.)

(a) Each month the Grantee shall submit to the AID Controller an original and 3 copies of SF 1034, "Public Voucher for Purchases and Services Other Than Personal"; each voucher shall be identified by the grant number and shall state the total amount of costs incurred for which reimbursement is being requested.

(b) In addition to the SF 1034, each nonconstruction voucher shall be supported by an original and 2 copies of SF 270, "Request for Advance or Reimbursement," and each construction voucher shall be supported by an original and 2 copies of SF 271, "Outlay Report and Request for Reimbursement for Construction Programs."

(c) Each quarterly voucher (or each third monthly voucher) shall also be supported by an original and 2 copies of a SF 269, "Financial Status Report." The SF 269 shall be submitted within 30 days after the end of the reporting quarter and may be submitted separately from the SF 1034(s).

10. TRAVEL AND TRANSPORTATION

(This provision is applicable when domestic or international air travel or shipment costs are reimbursable under the grant.)

(a) The Grant Officer hereby approves international travel to be reimbursed under this grant provided that the Grantee shall obtain written concurrence from the cognizant Project Officer in AID prior to sending any individual outside the United States to perform work under the grant. For this purpose the Grantee shall advise the Project Officer at least 30 days in advance of any travel to be undertaken outside the United States. After concurrence is received the Grantee shall provide the cognizant Mission or U.S. Embassy advance notification (with a copy to the Project Officer) of the arrival date and flight identification of grant-financed travelers.

(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, it will so notify the Grantee after receipt of advice of intent to travel, required above. AID will issue a Government Transportation Request (GTR) which the Grantee

may exchange for tickets, or AID will issue the tickets directly. Use of such U.S.-owned currencies will constitute a dollar charge to this grant.

(c) All international air travel and all international air shipments funded under this grant shall be made on United States flag air carriers (hereinafter referred to as "certificated air carriers"), to the extent service by such carriers is available in accordance with paragraphs (d) and (e) below:

The terms used in this provision have the following meanings:

(1) "International air transportation" means transportation of persons (and their personal effects) or property by air between a place in the United States and a place outside thereof or between two places both of which are outside the United States.

(2) "U.S. flag air carriers" means one of a class of air carriers holding a certificate of public convenience and necessity issued by the Civil Aeronautics Board, approved by the President, authorizing operations between the United States and/or its territories and one or more foreign countries.

(3) The term "United States" includes the fifty states, Commonwealth of Puerto Rico, possessions of the United States, and the District of Columbia.

(d) Passenger or freight service by a certificated air carrier is considered "available" even though:

(1) Service by noncertificated air carrier can be paid for in excess foreign currency, or

(2) Service by a noncertificated air carrier is preferred by the agency or traveler needing air transportation, or

(3) Service by a noncertificated air carrier is more convenient for the agency or traveler needing air transportation.

(e) Passenger service by a certificated air carrier will be considered to be "unavailable":

(1) When certificated air carriers offer only first class service, and less than first class service is available from noncertificated air carriers, or

(2) When the traveller, while en route, has to wait 6 hours or more to transfer to a certificated air carrier to proceed to the intended destination, or

(3) When any flight by a certificated air carrier is interrupted by a stop anticipated to be 6 hours or more for refueling, reloading, repairs, etc., and no other flight by a certificated air carrier is available during the 6 hour period, or

(4) When by itself or in combination with other certificated or noncertificated air carriers (if certificated air carriers are "unavailable") it takes 12 or more hours longer from the original airport to the destination airport to accomplish the agency's mission than would service by a noncertificated air carrier or carriers.

(5) When the elapsed travel time on a scheduled flight from origin to destination airports by noncertificated air carrier(s) is 3 hours or less, and service by certificated air carrier(s) would involve twice such scheduled travel time.

(f) Freight service by a certificated air carrier will be considered to be unavailable when:

(1) No certificated air carrier provides scheduled air freight service from the airport serving the shipment's point of origin, and a noncertificated air carrier does.

(2) The certificated air carrier(s) serving the shipment's point of origin decline to issue a through airway bill for transportation to the shipment's final destination airport.

(3) Use of a certificated air carrier would result in delivery to final destination at least 7 days later than delivery by means of a noncertificated air carrier.

(4) The total weight of the consignment exceeds the maximum weight per shipment which a certificated air carrier will accept and transport as a single shipment, and a noncertificated air carrier will accept and transport the entire consignment as a single shipment.

(5) The dimensions (length, width, or height) of one or more of the items of a consignment exceed the limitation of the certificated aircraft's cargo door openings, but do not exceed the acceptable dimensions for shipment on an available noncertificated air carrier.

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

CERTIFICATION OF UNAVAILABILITY OF U.S. FLAG AIR CARRIERS

I hereby certify that the transportation service for personnel (and their personal effects) or property by certificated air carrier was unavailable for the following reason(s): (State appropriate reason(s) as set forth in (e) or (f) above; see 41 CFR 1-1.323-3 for further guidance.)

(h) *Travel Costs and Overseas Maintenance Allowances*

(1) *Travel Within the United States*

(i) As used herein, the term "travel within the United States" includes the 50 states, District of Columbia, Commonwealth of Puerto Rico, Virgin Islands, and all the U.S. Territories except the Trust Territories of the Pacific Islands.

(ii) Subsistence allowances paid to Grantee employees traveling within the United States will be reimbursed in accordance with the established policies and practices of the Grantee which are uniformly applied to both federally financed and other activities of the Grantee.

(2) *International Travel*

(i) As used herein, the term "international travel" includes travel to the U.S. Trust Territories of the Pacific Islands.

(ii) The Grantee will be reimbursed for international travel, subsistence, and post differentials and other allowances paid to employees in an international travel status, or assigned overseas, in accordance with the Grantee's established policies and practices which are uniformly applied to federally financed and other activities of the Grantee, but only to the extent that such reimbursement does not exceed the applicable amounts or rates established in the Standardized Regulations (Government Civilians, Foreign Areas), published by the U.S. Department of State, as from time to time amended.

11. OCEAN SHIPMENT OF GOODS

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

(a) At least 50% of the gross tonnage of all goods purchased under this grant and transported to the Cooperating Country on ocean vessels shall be transported on privately owned U.S. flag commercial vessels, to the extent such vessels are available at fair and reasonable rates for such vessels; and

(b) At least 50% of the gross freight revenue generated by shipments of goods purchased under this grant and transported to the Cooperating Country on dry cargo liners shall be paid to or for the benefit of privately owned U.S. flag commercial vessels to the extent such vessels are available at fair and reasonable rates for such vessels.

(c) When U.S. flag vessels are not available, or their use would result in a significant delay, the Grantee may request a certificate of nonavailability from the AID Transportation Support Division, Office of Commodity Management, Washington, D.C. 20523, giving the basis for the request. Such a determination of nonavailability will relieve the Grantee of the requirement to use U.S. flag vessels for the tonnage of goods included in the determination.

(d) Vouchers submitted for reimbursement which include ocean shipment costs shall contain a certification essentially as follows: "I hereby certify that a copy of each ocean bill of lading concerned has been

submitted to the Maritime Administration Cargo Preference Control Center, Commerce Building, Washington, D.C. 20235, and that such bills of lading state all of the carrier's charges including the basis for calculation such as weight or cubic measurement."

(e) Shipments by voluntary nonprofit relief agencies (i.e., PVO's) shall be governed by this Standard Provision and by AID Regulation 2, "Overseas Shipments of Supplies by Voluntary Nonprofit Relief Agencies" (22 CFR 202).

12A. PROCUREMENT OF GOODS AND SERVICES UNDER \$250,000

(This provision is applicable when the total procurement element (i.e., the sum of all purchase orders and contracts for goods and services) of this grant does not exceed \$250,000.)

(a) Ineligible Goods and Services

Under no circumstances shall the Grantee procure any of the following under this grant:

- (1) military equipment,
- (2) surveillance equipment,
- (3) commodities and services for support of police or other law enforcement activities,
- (4) abortion equipment and services,
- (5) luxury goods and gambling equipment, or
- (6) weather modification equipment.

If AID determines that the Grantee has procured any of the ineligible goods and services specified above under this grant, and has received reimbursement for such purposes, the Grantee agrees to refund to AID the entire amount of the reimbursement.

(b) Restricted Goods

The Grantee shall not procure any of the following goods and services without the prior written authorization of the Grant Officer:

- (1) agricultural commodities,
- (2) motor vehicles,
- (3) pharmaceuticals,
- (4) pesticides,
- (5) rubber compounding chemicals and plasticizers,
- (6) used equipment,
- (7) U.S. Government-owned excess property, or
- (8) fertilizer.

If AID determines that the Grantee has procured any of the restricted goods specified above under this grant, without the prior written authorization of the Grant Officer, and has received reimbursement for such purpose, the Grantee agrees to refund to AID the entire amount of the reimbursement.

(c) Geographic Source and Order of Preference

All goods (e.g., equipment, materials, and sup-

plies) and services, the costs of which are to be reimbursed under this grant, and which will be financed with United States dollars, shall be purchased in and shipped from only "Special Free World" countries (i.e., AID Geographic Code 935) in accordance with the following order of preference:

- (1) the United States (AID Geographic Code 000),
- (2) "Selected Free World" countries (AID Geographic Code 941),
- (3) the cooperating country,
- (4) "Special Free World" countries (AID Geographic Code 935).

(d) 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 (c) above, it 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:

- (1) the procurement was of an ~~emergency~~ nature, which would not allow for the delay attendant to soliciting U.S. sources,
- (2) the price differential for procurement from U.S. sources exceeded by 50% or more the delivered price from the non-U.S. source,
- (3) ~~impending local political~~ considerations precluded consideration of U.S. sources,
- (4) ~~the goods or services were not available from~~ U.S. sources, or
- (5) procurement of locally available goods or services, as opposed to procurement of U.S. goods and services, would best promote the objectives of the Foreign Assistance program under the grant.

(e) The Grantee's Procurement System

(1) The Grantee may use its own procurement policies and procedures provided they conform to the geographic source and order of preference requirements of this provision and paragraphs 1U.3.a., b., and c. of Chapter 1, AID Handbook 13.

(2) If the Grantee's procurement policies and procedures have been reviewed against the procurement requirements of paragraphs 1U.3.a., b., and c. and have been approved by AID or another Federal department or agency, the Grantee shall furnish the Grant Officer a copy of such approval; otherwise the Grantee's procurement policies and procedures shall conform to those specified in paragraphs 1U.3.a., b., and c. of Chapter 1, AID Handbook 13.

(f) Small Business

To permit AID, in accordance with the small business provisions of the Foreign Assistance Act of

1961, as amended, to give United States small business firms an opportunity to participate in supplying commodities and services procured under this grant, the Grantee shall to maximum extent possible, provide the following information to the Office of Small and Disadvantaged Business Utilization, AID/Washington, D.C. 20523, at least 45 days prior (except where a shorter time is requested of, and granted by, the Office of Small and Disadvantaged Business Utilization) to placing any order or contract in excess of \$25,000:

(1) Brief general description and quantity of goods or services;

(2) Closing date for receiving quotations, proposals, or bids; and

(3) Address where invitations or specifications can be obtained.

(g) Ineligible Suppliers

Funds provided under this grant shall not be used to procure any commodity or commodity-related services furnished by any supplier whose name appears on the List of Ineligible Suppliers under AID Regulation 8, "Suppliers of Commodities and Commodity-Related Services Ineligible for AID Financing" (22 CFR 208). The Grantee agrees to review said list prior to undertaking any procurement the cost of which is to be reimbursable under this grant. AID will provide the Grantee with this list.

(h) Ocean and Air Transportation

For requirements relating to transportation by ocean vessel of commodities purchased under this grant, see the Standard Provision entitled "Ocean Shipment of Goods." For requirements relating to transportation of commodities by air, see the Standard Provision entitled "Travel and Transportation."

12B. PROCUREMENT OF GOODS AND SERVICES OVER \$250,000

(This provision is applicable when the total procurement element, i.e., the sum of all purchase orders and contracts for goods and services, of this grant will be greater than \$250,000 over the life of the grant.)

(a) *General.* Except as may be specifically approved or directed in advance by the Grant Officer, all goods (e.g., equipment, vehicles, materials, and supplies) and services which will be financed under this grant with United States dollars shall be procured in and shipped from the United States (Code 000) and from any other countries within the authorized geographic code specified in the Schedule of this grant.

(b) *Procurement of goods.* In order to be eligible under this grant, goods purchased under this grant must be of eligible source and origin, and must satisfy AID's componentry requirements set forth below. In addition, the supplier of commodities must meet the nationality requirements specified in paragraph (d)(1) of this provision.

(1) *Source.* Source means the country from which a commodity is shipped to the Cooperating Country or the Cooperating Country itself if the commodity is located therein at the time of purchase. However, where a commodity is shipped from a free port or bonded warehouse in the form in which received therein, source means the country from which the commodity was shipped to the free port or bonded warehouse.

(2) *Origin.* The origin of a commodity is the country or area in which a commodity is mined, grown, or produced. A commodity is produced when through manufacturing, processing, or substantial and major assembling of components, a commercially recognized new commodity results that is substantially different in basic characteristics, or in purpose or utility, from its components.

(3) *Componentry.* Components are the goods that go directly into the production of a produced commodity. AID componentry rules are as follows:

(i) If a commodity produced in an eligible source country contains no imported component, it is eligible for AID financing.

(ii) Unless otherwise specified by the Grant Officer, components from the United States, the Cooperating Country, and any other countries included in Geographic Code 941 may always be utilized in unlimited amounts regardless of the geographic code authorized.

(iii) Unless procurement is authorized from countries included in Code 899, components from free world countries not included in Code 941 are limited according to the following rules:

(A) They are limited only if they are acquired by the producer in the form in which they were imported.

(B) The total cost to the producer of such components (delivered at the point of production) may not exceed 50 percent of the lowest price (excluding the cost of ocean transportation and marine insurance) at which the supplier makes the commodity available for export sale (whether or not financed by AID).

(C) AID may prescribe percentages other than 50% for specific commodities.

(iv) Any component from a non-free world country makes the commodity ineligible for AID financing.

(4) Supplier Nationality. (See paragraph (d) of this provision.)

(c) Eligibility of commodity-related services

(1) Incidental services. Nationality rules are applied to the contractor supplying equipment under this grant and not separately to any contractor that may supply commodity-related incidental services. Such services, defined as the installation or erection of AID-financed equipment, or the training of personnel in the maintenance, operation, and use of such equipment, are eligible if specified in the equipment contract and performed by citizens of countries included in AID Geographic Code 935, or non-United States citizens lawfully admitted for permanent residence in the United States.

(2) Ocean and air transportation

(i) Except as otherwise approved in writing by the Grant Officer, AID will finance only those ocean transportation costs:

(A) Incurred on vessels under U.S. flag registry, when Geographic Code 000 is authorized for procurement of goods or services;

(B) Incurred on vessels under U.S., Cooperating Country, or other countries included in Geographic Code 941 flag registry, when Geographic Code 941 is authorized for procurement of goods or services; or

(C) Incurred on vessels under flag registry of any free world country, if the costs are part of the total cost on a through bill of lading paid to a carrier for initial carriage on a vessel which is authorized in accordance with paragraphs (c)(2)(i)(A) and (B), above.

(ii) Any ocean or air charter, covering full or part cargo, for the transportation of goods purchased under this grant must be approved by the AID Transportation Support Division, Office of Commodity Management, Washington, D.C. 20523, prior to shipment.

(iii) When use of non-U.S. flag vessels has been authorized, the following requirements still apply:

(A) At least 50% of the gross tonnage of all goods purchased under this grant and transported to the Cooperating Country on ocean vessels, shall be transported on privately owned U.S. flag commercial vessels, to the extent such vessels are available at fair and reasonable rates for such vessels; and

(B) At least 50% of the gross freight revenue generated by shipments of goods purchased under this grant and transported to the Cooperating Country on dry cargo liners shall be paid to or for the benefit of privately owned U.S. flag commercial vessels to the extent such vessels are available at fair and reasonable rates for such vessels.

(iv) When U.S. flag vessels are not available, or their use would result in a significant delay, the Grantee may request a certificate of nonavailability from the AID Transportation Support Division, Office of Commodity Management, Washington, D.C. 20523, giving the basis for the request. Such a determination of nonavailability will relieve the Grantee of the requirement to use U.S. flag vessels for the tonnage of goods included in the determination.

(v) Vouchers submitted for reimbursement which include ocean shipment costs shall contain a certification essentially as follows: "I hereby certify that a copy of each ocean bill of lading concerned has been submitted to the Maritime Administration, Cargo Preference Control Center, Commerce Building, Washington, D.C. 20235, and that such bills of lading state all of the carrier's charges including the basis for calculation such as weight or cubic measurement."

(vi) For use of U.S. flag air carriers, see the Standard Provision, entitled "Travel and Transportation."

(3) 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 any State of the United States, then any AID-financed commodity shipped to that country shall be insured against marine risk and the insurance shall be placed in the United States with a company or companies authorized to do a marine insurance business in any State of the United States.

(d) Nationality. Except as specified in paragraph (c) above, in order to be eligible for AID financing under this grant, contractors, subcontractors, or suppliers must fit one of the following categories:

(1) Suppliers of commodities. A supplier providing goods must fit one of the following categories for the costs of such goods to be eligible for AID financing under this grant:

(i) An individual who is a citizen or legal resident of a country or area included in the authorized geographic code; or

(ii) A corporation or partnership organized under the laws of a country or area included in the authorized geographic code; or

(iii) A controlled foreign corporation; i.e., any foreign corporation of which more than 50 percent of the total combined voting power of all classes of stock is owned by the United States shareholders within the meaning of Section 957 et seq., of the Internal Revenue Code, 26 U.S.C. 957; or

(iv) A joint venture or unincorporated association consisting entirely of individuals, corporations, or partnerships which fit any of the foregoing categories.

(2) *Suppliers of services.* A contractor or subcontractor thereunder providing services under an AID-financed grant must fit one of the following categories for the costs of such contracts or subcontracts to be eligible for AID financing under this grant. (NOTE: the term contractor includes personal services contractors):

(i) An individual who is a citizen of and whose principal place of business is in a country included in the authorized geographic code or a non-U.S. citizen lawfully admitted for permanent residence in the United States whose principal place of business is in the United States; or

(ii) A corporation or partnership that is incorporated or legally organized under the laws of a country or area included in the authorized geographic code, has its principal place of business in a country or area included in the authorized geographic code, and meets the criteria set forth in either subparagraph (A) or (B), below:

(A) The corporation or partnership is more than 50% beneficially owned by individuals who are citizens of a country or area included in the authorized geographic code. In the case of corporations, "more than 50% beneficially owned" means that more than 50% of each class of stock is owned by such individuals; in the case of partnerships, "more than 50% beneficially owned" means that more than 50% of each category of partnership interest (e.g., general, limited) is owned by such individuals. (With respect to stock or interests held by companies, funds or institutions, the ultimate beneficial ownership by individuals is controlling.)

(B) The corporation or partnership:

(1) has been incorporated or legally organized in the United States for more than three years prior to the issuance date of the invitation for bids or request for proposals, and

(2) has performed within the United States administrative and technical, professional or construction services under a contract or contracts for services and derived revenue therefrom in each of the three years prior to the date described in the preceding paragraph, and

(3) employs United States citizens in more than half of its permanent full-time positions in the United States, and

(4) has the existing capability in the United States to perform the contract; or

(iii) A joint venture or unincorporated association consisting entirely of individuals, corporations, or partnerships which fit categories (d)(2)(i) and (d)(2)(ii) above. However, joint ventures with firms wholly or partially owned by the host government are ineligible.

(iv) A duly authorized officer of the firm shall certify that the participating firm meets either the requirements of subparagraphs (d)(ii)(A) or (d)(ii)(B) above. In the case of corporations, the certifying officer shall be the corporate secretary. With respect to the requirements of subparagraph (d)(ii)(A) of this provision, the certifying officer may presume citizenship on the basis of the stockholder's record address, provided the certifying officer certifies, regarding any stockholder (including any corporate funds or institutional stockholder) whose holdings are material to the corporation's eligibility, that the certifying officer knows of no fact which might rebut that presumption.

(3) *Ineligible suppliers of commodities and services.* Citizens or firms of any country not included in AID Geographic Code 935 are ineligible as suppliers, contractors, subcontractors, or agents, for goods and services the costs of which will be reimbursed under this grant. However, non-U.S. citizens lawfully admitted for permanent residence in the United States are eligible.

(e) *Nationality of employees under contracts and subcontracts for services.* The nationality policy of subparagraph (d)(2), of this provision does not apply to the employees of contractors or subcontractors whose services will be reimbursed under this grant, but all contractor and subcontractor employees engaged in providing services under AID-financed grants must be citizens of countries included in AID Geographic Code 935 or non-U.S. citizens lawfully admitted for permanent residence in the United States.

(f) *The Cooperating Country as a source.* With certain exceptions, the Cooperating Country is not normally an eligible source for procurement to be paid in U.S. dollars. The exceptions are for ocean freight and marine insurance (see paragraphs (c)(1) and (c)(2) of this provision). The Cooperating Country may be an eligible source if local cost financing is approved either by specific action of the Grant Officer or in the Schedule of the grant. In such cases, the Standard Provision entitled "Local Cost Financing with U.S. Dollars," will apply.

(g) *Ineligible goods and services.* Under no circumstances shall the Grantee procure any of the following under this grant:

- (1) military equipment,
- (2) surveillance equipment,
- (3) commodities and services for support of police or other law enforcement activities,
- (4) abortion equipment and services,
- (5) luxury goods and gambling equipment, or
- (6) weather modification equipment.

If AID determines that the Grantee has procured any of the ineligible goods and services specified above under this grant, and has received reimbursement for such purpose, the Grantee agrees to refund to AID the entire amount of the reimbursement.

(h) *Restricted goods.* The Grantee shall not procure any of the following goods or services without the prior written authorization of the Grant Officer:

- (1) agricultural commodities,
- (2) motor vehicles,
- (3) pharmaceuticals,
- (4) pesticides,
- (5) rubber compounding chemicals and plasticizers,
- (6) used equipment,
- (7) U.S. Government-owned excess property, or
- (8) fertilizer.

If AID determines that the Grantee has procured any of the restricted goods specified above under this grant, without the prior written authorization of the Grant Officer, and has received reimbursement for such purpose, the Grantee agrees to refund to AID the entire amount of the reimbursement.

(i) *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) Code 000, United States,
- (2) the Cooperating Country,
- (3) Code 941, Selected Free World,
- (4) Code 899, Free World.

(j) *Ineligible Suppliers.* Funds provided under this grant shall not be used to procure any commodity or commodity-related services furnished by any supplier whose name appears on the List of Ineligible Suppliers under AID Regulation 8, "Suppliers of Commodities and Commodity-Related Services Ineligible for AID Financing" (22 CFR 208). The Grantee

agrees to review said list prior to undertaking any procurement the cost of which is to be reimbursable under this grant. AID will provide the Grantee with this list.

(k) *The Grantee's procurement system.* The Grantee may use its own procurement policies and procedures provided they conform to the geographic source and nationality requirements of this provision and the standards set forth in paragraphs 1U.3.a.b. and c. of AID Handbook 13, "Grants."

(l) *The Grantee's Procurement System*

(1) The Grantee may use its own procurement policies and procedures provided they conform to the geographic source and nationality requirements of this provision and paragraphs 1U.3.a., b., and c. of Chapter 1, AID Handbook 13.

(2) If the Grantee's procurement policies and procedures have been reviewed against the procurement requirements of paragraphs 1U.3.a., b., and c. and have been approved by AID or another Federal department or agency, the Grantee shall furnish the Grant Officer a copy of such approval; otherwise the Grantee's procurement policies and procedures shall conform to those specified in paragraphs 1U.3.a., b., and c. of Chapter 1, AID Handbook 13.

13. LOCAL COST FINANCING WITH U.S. DOLLARS

(This provision is applicable whenever local cost financing has been specifically authorized in the Schedule of this grant regardless of dollar amount.)

(a) Local cost financing is the use of U.S. dollars to obtain local currency for the procurement of goods and services in the Cooperating Country in furtherance of the purpose of the grant. Local cost financing must be specifically authorized in the Schedule of the grant. The amount of U.S. dollars which may be used must be specified in the authorization, together with any special restrictions on their use.

(b) Procurement of goods and services under local cost financing is subject to the following restrictions:

(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.

If AID determines that the Grantee has procured any of the ineligible goods and services specified

above under this grant, and has received reimbursement for such purpose, the Grantee agrees to refund to AID the entire amount of the reimbursement.

(2) *Restricted goods*

The Grantee shall not procure any of the following goods or services without the prior written authorization of the Grant Officer:

- (i) agricultural commodities,
- (ii) motor vehicles,
- (iii) pharmaceuticals,
- (iv) pesticides,
- (v) rubber compounding chemicals and plasticizers,
- (vi) used equipment,
- (vii) U.S. Government-owned excess property, or
- (viii) fertilizer.

If AID determines that the Grantee has procured any of the restricted goods specified above under this grant, without the prior written authorization of the Grant Officer, and has received reimbursement for such purpose, the Grantee agrees to refund to AID the entire amount of the reimbursement.

(3) Any component from a non-free world country makes a commodity ineligible for AID financing.

(4) *Nationality*

(i) Citizens or firms of any country not included in AID Geographic Code 935 are ineligible as suppliers, contractors, subcontractors, or agents for goods and services the costs of which will be reimbursed under this grant.

(ii) Local cost financing is the use of appropriated U.S. dollars to obtain local currency for the payment for goods and services purchased in the Cooperating Country. Authorization of local cost financing makes the Cooperating Country, in addition to the United States and any other country included in the authorized geographic code for the project, an eligible source for the purchase of goods or services in the Cooperating Country. Goods or services purchased under local cost financing must be located in the Cooperating Country at the time they are purchased; they cannot be imported specifically for the project being implemented by this grant. The supplier from which goods or services are purchased under local cost financing must also be in the Cooperating Country. Suppliers of goods or services under local cost financing must meet the nationality eligibility tests prescribed in paragraph (d) of the provision of this grant entitled "Procurement of Goods and Services over \$250,000." When local cost financing has been authorized, the Cooperating Country is deemed to be included in the "authorized geographic code" for purposes of determining nationality

eligibility pursuant to paragraph (d) of the provision, entitled "Procurement of Goods and Services over \$250,000."

(c) *General principles.* Under local cost financing, the Grantee shall follow sound procurement policies, utilizing competition to the maximum practical extent, obtaining the lowest available price, and documenting such procurements to justify the method used and the price established.

(d) *Procurement of goods.* In order to be eligible under local cost financing, goods are subject to the following specific requirements:

(1) *Indigenous goods.* Goods which have been mined, grown, or produced in the Cooperating Country through manufacture, processing, or assembly are eligible for local cost financing under this grant. Goods produced with imported components must result in a commercially recognized new commodity that is substantially different in basic characteristics or in purpose or utility from its components in order to qualify as indigenous; such goods may not contain components from any non-free world country.

(2) *Imported shelf items.* Imported shelf items are goods that are normally imported and kept in stock, in the form in which imported, for sale to meet a general demand in the country for the item; they are not goods which have been specifically imported for use in an AID-financed project.

(i) Shelf items are eligible for local cost financing in unlimited quantities up to the total amount available for local cost financing if they have their source in the Cooperating Country and their origin in a country included in AID Geographic Code 941.

(ii) Shelf items having their origin in any country included in Code 899 but not in Code 941 are eligible if the price of one unit does not exceed \$5,000. For goods sold by units of quantity; e.g., tons, barrels, etc., the unit to which the local currency equivalent of \$5,000 is applied is that which is customarily used in quoting prices. The total amount of imported shelf item purchases from countries included in Code 899 but not in Code 941 may not exceed \$25,000 or 10% of the total local costs financed by AID for the project whichever is higher; however, in no case may the total amount of such purchases exceed \$250,000 without first obtaining a specific geographic source waiver.

(3) *Goods imported specifically for the project.* Goods imported specifically for the project being implemented by this grant are not eligible for local cost financing; they are subject to the requirements of the provision entitled "Procurement of Goods and Services over \$250,000."

14. GOVERNMENT FURNISHED EXCESS PERSONAL PROPERTY

(This provision applies when personal property is furnished under the grant.)

The policies and procedures of Handbook 16, "Excess Property," and the appropriate provisions of 41 CFR 101-43 apply to the Government furnished excess property under this grant.

15A. TITLE TO AND USE OF PROPERTY (GRANTEE TITLE)

(This provision is applicable when the Government vests title in the Grantee only.)

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

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

(b) The Grantee agrees to use and maintain the property for the purpose of the grant in accordance with the requirements of paragraph 1T of Chapter 1, Handbook 13.

(c) With respect to nonexpendable property having an acquisition cost of \$1,000 or more, title to which vests in the Grantee, the Grantee agrees:

(1) To report such items to the Grant Officer from time to time as they are acquired and to maintain a control system which will permit their ready identification and location.

(2) To transfer title to any such items to the Government in accordance with any written request therefore issued by the Grant Officer at any time prior to final payment under this grant.

15B. TITLE TO AND CARE OF PROPERTY (U.S. GOVERNMENT TITLE)

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

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

(b) Use of Government Property

Government property shall, unless otherwise provided herein or approved by the Grant Officer, be used only for the performance of this grant.

(c) Control, Maintenance and Repair of Government Property

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

The Grantee shall submit, for review and written approval of the Grant Officer, a records system for property control and a program for orderly maintenance of Government property; however, if the Grantee's property control and maintenance system has been reviewed and approved by another Federal department or agency pursuant to Attachment N of OMB Circular No. A-110 (see paragraph 1T of Chapter 1, Handbook 13), the Grantee shall furnish the Grant Officer proof of such approval in lieu of another approval submission.

(1) Property Control

The property control system shall include but not be limited to the following:

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

(B) The price of each item of property acquired or furnished under the grant.

(C) The location of each item of property acquired or furnished under the grant.

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

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

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

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

(2) Maintenance Program

The Grantee's maintenance program shall be such as to provide for, consistent with sound business practice and the terms of the Grant:

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

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

(iii) recording of work accomplished under the program.

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

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

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

(d) Risk of Loss

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

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

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

(A) to maintain and administer, in accordance with sound business practice, the program for maintenance, repair, protection, and preservation of Government property as required by (i) above, or (B) to take all reasonable steps to comply with any appropriate written directions of the Grant Officer under (c) above;

(iii) For which the Grantee is otherwise responsible under the express terms of the article or articles designated in the Schedule of this grant.

(iv) Which results from a risk expressly required to be insured under some other provision of

this grant, but only to the extent of the insurance so required to be procured and maintained, or to the extent of insurance actually procured and maintained, whichever is greater; or

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

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

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

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

(i) The lost, destroyed, and damaged Government property;

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

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

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

The Grantee shall make repairs and renovations of the damaged Government property or take such other action as the Grant Officer directs.

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

Government) in obtaining recovery.

(e) *Access*

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

(f) *Final Accounting and Disposition of Government Property*

Upon completion of this grant, or at such earlier dates as may be fixed by the Grant Officer, the Grantee shall submit, in a form acceptable to the Grant Officer, inventory schedules covering all items of Government property not consumed in the performance of this grant or not theretofore delivered to the Government, and shall prepare, deliver, or make such other disposal of the Government property as may be directed or authorized by the Grant Officer.

(g) *Communications*

All communications issued pursuant to this provision shall be in writing.

**15C. TITLE TO AND CARE OF PROPERTY
(COOPERATING COUNTRY TITLE)**

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

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

(b) The Grantee shall prepare and establish a program, to be approved by the Mission, for the receipt, use, maintenance, protection, custody and care of equipment, materials and supplies for which it has custodial responsibility, including the establishment of reasonable controls to enforce such program. The Grantee shall be guided by the requirements of paragraph 1T of Chapter 1, Handbook 13.

(c) Within 90 days after completion of this grant, or at such other date as may be fixed by the Grant Officer, the Grantee shall submit an inventory schedule covering all items of equipment, materials and supplies under his/her custody, title to which is in the Cooperating Government or public or private agency designated by the Cooperating Government, which have not been consumed in the performance of this grant. The Grantee shall also indicate what disposition has been made of such property.

16. VOLUNTARY PARTICIPATION

(This provision is applicable to all grants involving any aspect of family planning or population assistance activities, and all Title X grants in particular.)

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

(b) The Grantee shall insert paragraphs (a) and (b) of this provision in all subgrants, subcontracts, purchase orders, and any other subordinate agreements hereunder.

**17. PROHIBITION ON ABORTION-RELATED
ACTIVITIES**

(This provision is applicable to all grants involving any aspect of family planning or population assistance activities, and all Title X grants in particular.)

(a) No funds made available under this grant will be used to finance, support, or be attributed to the following activities: (1) procurement or distribution of equipment intended to be used for the purpose of inducing abortions as a method of family planning; (2) special fees or incentives to women to coerce or motivate them to have abortions; (3) payments to persons to perform abortions or to solicit persons to undergo abortions; (4) information, education, training, or communication programs that seek to promote abortion as a method of family planning.

(b) The Grantee shall insert paragraphs (a) and (b) of this provision in all subgrants, subcontracts, purchase orders, and any other subordinate agreements hereunder.

18. VOLUNTARY PARTICIPATION REQUIREMENTS FOR STERILIZATION PROGRAMS

(This provision is applicable when any surgical sterilization will be supported in whole or in part from funds under this grant.)

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

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

(c) Further, the Grantee shall document the patient's informed consent by (1) a written consent document in a language the patient understands and speaks, which explains the basic elements of informed consent, as set out above, and which is signed by the individual and by the attending physician or by the authorized assistant of the attending physician; or (2) when a patient is unable to read adequately a written certification by the attending physician or by the authorized assistant of the attending physician that the basic elements of informed consent above were orally presented to the patient, and that the patient thereafter consented to the performance of the operation. The receipt of the oral explanation shall be acknowledged by the patient's mark on the certification and by the signature or mark of a witness who shall be of the same sex and speak the same language as the patient.

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

(e) The Grantee shall insert paragraphs (a), (b), (c), (d) and (e) of this provision in all subgrants, subcontracts, purchase orders, and any other subordinate agreements hereunder involving the performance of any sterilization which will be supported in whole or in part from funds under this grant.

19. PUBLICATIONS

(This provision is applicable to any grant which produces any book, publication, or other copyrightable materials.)

(a) If it is the Grantee's intention to identify AID's contribution to any publication resulting from this grant, the Grantee shall consult with AID on the nature of the acknowledgement prior to publication.

(b) The Grantee shall provide the Project Manager with one copy of all published works developed under the grant. The Grantee shall provide the Project Manager with lists of other written work produced under the grant.

(c) 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.

(d) The Grantee is permitted to secure copyright to any publication produced or composed under the grant in accordance with paragraph 1T8.b. of Chapter 1, Handbook 13. Provided, the Grantee agrees to and does hereby grant to the Government a royalty-free, nonexclusive, and irrevocable license throughout the world to use, duplicate, disclose, or dispose of such publications in any manner and for any purpose and to permit others to do so.

20. PATENTS

(This provision is applicable to any grant which produces patentable items, patent rights, processes, or inventions.)

(a) Grantee agrees to notify the Grant Officer, in writing, of any invention or discovery conceived or first actually reduced to practice in the course of or under this grant. The Grant Officer will determine the patent rights to be afforded the Grantee in accordance with the Presidential Memorandum and Statement of Government Patent Policy (36 FR 16889) and paragraph 1T8.a. of Chapter 1, Handbook 13.

(b) 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 otherwise granted to the Government under any patent.

21. REGULATIONS GOVERNING EMPLOYEES OUTSIDE THE UNITED STATES

(This provision applies only to the Grantee's employees working outside their country of residence.)

(a) The Grantee's employees, when employed in work overseas, shall maintain private status and may not rely on local U.S. Government Offices or facilities for support while so engaged.

(b) The sale of personal property or automobiles by Grantee employees and their dependents in the foreign country to which they are assigned shall be subject to the same limitations and prohibitions which apply to direct-hire AID personnel employed by the Mission, except as this may conflict with host government regulations.

(c) Other than work to be performed under this grant for which an employee or consultant is assigned by the Grantee, no regular or short term employee or consultant of the Grantee shall engage directly or indirectly, either in his/her own name or in the name or through an agency of another person, in any business, profession, or occupation in the foreign countries to which he/she is assigned, nor shall he/she make loans or investments to or in any business, profession or occupation in the foreign countries to which he/she is assigned.

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

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

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

(g) If it is determined, under either (e) or (f) above, that the services of such employee shall be terminated, the Grantee shall use its best efforts to cause the return of such employee to the United States, or point of origin, as appropriate.

22. SUBORDINATE AGREEMENTS

(a) The placement of subordinate agreements (i.e., grants or contracts) with other organizations, firms

or institutions, and the provisions of such subordinate agreements are subject to prior written consent of the Grant Officer unless such subordinate agreements were identified in the approved Financial Plan, in accordance with paragraph (b)(7) of the Standard Provision of this grant entitled "Revision of Financial Plans."

(b) The use of the Standard Provisions of this grant is mandatory for subgrants to U.S. institutions. For subgrants to foreign institutions the Grantee shall use the Standard Provisions set forth in Appendix 4D of Handbook 13.

(c) Contracts awarded with funds provided by the grant shall be undertaken in accordance with the requirements of the Standard Provision of this grant entitled "Procurement of Goods and Services over \$250,000" or "Procurement of Goods and Services under \$250,000" (whichever is applicable), and paragraph 1U3 of Handbook 13. Contracts awarded with funds provided by this grant to U.S. organizations shall set forth the provisions of paragraph 1U4 of Handbook 13. Paragraph 1U4 does not apply to foreign organizations.

23. PARTICIPANT TRAINING

(This provision is applicable if AID funds provided hereunder will be used to finance participant training.)

(a) Definitions

(1) Participant training is the training of any foreign national outside of his or her home country, using AID funds.

(2) A participant is any foreign national being trained under this grant outside of his or her home country.

(b) Applicable regulations

Participant training is to be conducted according to the policies established in AID Handbook 10—Participant Training, except to the extent that specific exceptions to AID Handbook 10 have been provided in this grant (Handbook 10 may be obtained by submitting a request to the Office of International Training, at the address specified in paragraph (c) below.)

(c) Reporting requirement

Once each month the Grantee shall submit three copies of form AID 1380-9, "Monthly Report of Participants Under Grant, Loan or Contract Programs", to the Office of International Training, Bureau for Science and Technology (S&T/IT), AID/Washington, D.C. 20523.

24. HEALTH AND ACCIDENT COVERAGE FOR AID PARTICIPANT TRAINEES

(This provision is applicable if AID funds provided hereunder will be used to finance the training of non-U.S. participants in the United States.)

(a) The Grantee shall enroll all non-U.S. participants (hereinafter referred to as "participants"), whose training in the United States is financed by AID under this grant, in the Agency for International Development's Health and Accident Coverage (HAC) program.

(b) The Grantee shall, prior to the initiation of travel by each participant financed by AID under this grant, fill out and mail to AID a self-addressed, postage prepaid, HAC Program Participant Enrollment Card (form AID 1380-98). The Grantee can obtain a supply of these cards and instructions for completing them from the Office of International Training, AID/Washington, D.C. 20523.

(c) The Grantee shall assure that enrollment shall begin immediately upon the participant's departure for the United States for the purpose of participating in a training program financed by AID and that enrollment shall continue in full force and effect until the participant returns to his/her country of origin, or is released from AID's responsibility, whichever is the sooner. The Grantee shall continue enrollment coverage for participants whose departure is delayed due to medical or other compelling reasons, with the written concurrence of the AID Project Manager and subject to the requirements of paragraph (d).

(d) The Grantee shall submit the HAC Program Participant Enrollment Card to AID, as specified in paragraph (b), above, to enable the participant(s), or the provider of medical services, to submit bills for medical costs resulting from illness and accident to the HAC Administrator, Trust Fund Administrators, Inc., 1030 15th Street, NW, Suite 500, Washington, D.C. 20005. The HAC Administrator, not the Grantee, shall be responsible for paying all reasonable and necessary medical charges, not otherwise covered by student health service or other insurance programs (see paragraphs (e) and (f)), subject to the availability of funds for such purposes, in accordance with the standards of coverage established by AID under the HAC program, and subject to the payment of the fee specified in paragraph (d)(1), below.

(1) Within thirty (30) days after enrollment, the Grantee shall send an enrollment fee computed on the basis of the fixed rate per participant per month* (the minimum period for calculation of fee is one

*The rate is \$25.00 per participant-month for Fiscal Year 1982.

month—that is, one participant month, 30 days, not one calendar month—premiums may not be prorated for fractional periods of less than 30 days), to: Agency for International Development, Office of Financial Management, Program Accounting Division, Nonproject Assistance, Washington, D.C. 20523.

The enrollment fee should cover a minimum period of up to one year or the current training period for which funds are obligated under this grant, whichever is less. As applicable, payments for additional periods of enrollment shall be made 30 days prior to the beginning of each new enrollment period or new period of funding of this grant (the monthly enrollment fee for succeeding fiscal years may be obtained by calling the AID Office of International Training). All such fee payments shall be made by check, payable to the "Agency for International Development (HAC)." If payments are not made within 30 days, a late payment charge shall apply at a percentage rate based on the current value of funds to the Treasury for each 30-day period; the full charge shall also be applicable to periods of less than 30 days. The percentage rate will be calculated by the Treasury as an average of the current value of funds to the Treasury for a recent three-month period and will be transmitted to AID in TFRM Bulletins.

The late payment charge shall be applied to any portion of the fees in arrears and be remitted together with the fees as a separately identified item on the covering memorandum.

(2) Whenever possible, fee payments for groups of several participants entering the HAC Program within the 30-day reporting period shall be consolidated and covered by a single check. Participants covered by the fee payment shall be listed individually in the covering letter, identifying each participant (the name reported must be identical to that on the HAC enrollment card), showing period of enrollment (or period of coverage for which payment is remitted if this is different from the enrollment period), fee-amount paid, grant number, and U.S. Government appropriation number (as shown under the "Fiscal Data" section of the grant cover letter).

(e) The Grantee, to the extent that it is an educational institution with a student health service program, shall also enroll all participants in their institution's student health service program. Medical costs which are covered under the institution's student health service shall not be eligible for payment under AID's HAC program. The Grantee shall provide the HAC Administrator with a copy of information showing what medical costs are covered by the institution's student health service program; medical

costs that are not covered by the institution's student health service program shall be submitted to the HAC Administrator.

(f) If the Grantee has a mandatory, nonwaivable health and accident insurance program for students, the costs of such insurance will be allowable under this grant. Any claims eligible under such insurance will not be payable under AID's HAC plan or under this grant. Even though the participant is covered by the Grantee's mandatory, nonwaivable health and accident insurance program, the participant **MUST** be enrolled in AID's more comprehensive HAC program, and HAC payments **MUST** be made to AID as provided above. In addition, a copy of the mandatory insurance policy must be forwarded to the HAC Administrator.

(g) Any payments for medical costs not covered by the Grantee's student health service program, or mandatory, nonwaivable health and accident insurance program, or AID's HAC program shall be reimbursable under this grant only with specific written approval of the Grant Officer and subject to the availability of funds.

(h) The HAC Administrator, for the period February 1, 1980 through January 31, 1983, is:

Trust Fund Administrators, Inc.
1030 15th Street, NW, Suite 500
Washington, D.C. 20005.

25. U.S. OFFICIALS NOT TO BENEFIT

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

26. COVENANT AGAINST CONTINGENT FEES

The Grantee warrants that no person or selling agency has been employed or retained to solicit or secure this grant upon an agreement or understand-

ing for a commission, percentage, brokerage, or contingent fee except bona fide employees or bona fide established commercial or selling agencies maintained by the Grantee for the purpose of securing business. For breach or violation of this warranty, AID shall have the right to cancel this grant without liability or, in its discretion, to deduct from the grant amount, or otherwise recover, the full amount of each commission, percentage, brokerage, or contingent fee.

27. NONLIABILITY

AID does not assume liability with respect to any third party claims for damages arising out of work supported by this Grant.

28. AMENDMENT

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

29. THE GRANT

The letter to the Grantee signed by the Grant Officer, the Schedule, the Program Description and the Standard Provisions which have been reviewed and agreed to by the Grantee, constitute the grant.

30. NOTICES

Any notice given by any of the parties hereunder, shall be sufficient only if in writing and delivered in person or sent by telegraph, cable, registered or regular mail as follows:

To the AID Grant Officer, at the address specified in the grant.

To Grantee, at Grantee's address shown in the grant.

or to such other address as either or such parties shall designate by notice given as herein required. Notices hereunder shall be effective when delivered in accordance with this provision, or on the effective date of the notice, whichever is later.

FOOTNOTES:

1. Standard Provisions 1 through 6 are required and may not be omitted from any grant or cooperative agreement.
2. Standard Provisions 7 through 24 are required to be used when applicable and may not be omitted from any grant or cooperative agreement, if they are applicable.
3. Standard Provisions 25 through 30 are suggested, but not required, for any grant or cooperative agreement.
4. The omission of any "required" clause, referred to in 1. and 2. above, requires a deviation in accordance with paragraph 1E of Chapter 1 of Handbook 13.

5. When these Standard Provisions are used for Cooperative Agreements, the following terms apply:

"Grantee" means "Recipient,"

"Grant" means "Cooperative Agreement,"

"AID Grant Officer" means "AID Agreement Officer,"

"Subgrant" means "Subcooperative Agreement," and

"Subgrantee" means "Subrecipient."

ALTERATIONS IN GRANT

The following alterations have been made in the provisions of this grant:

1. Change the title of Standard Provision 15*, dated "2-82, to read:

"TERMINATION AND SUSPENSION".

2. Insert a new paragraph "(d)" in Standard Provision 15* as follows:

(d) Suspension: Termination for Changed Circumstances. If at any time AID determines (1) that disbursement by AID would be in violation of applicable law, or (2) that continuation of funding for a program should be suspended or terminated because such assistance is not in the national interest of the United States, then AID may, following notice to the Grantee; suspend this Grant and prohibit the Grantee from incurring additional obligations chargeable to this Grant other than necessary and proper costs in accordance with the terms of this Grant during the period of suspension. If the situation causing the suspension continues to pertain for 60 days or more, then AID may terminate this Grant on written notice to the Grantee and cancel that portion of this Grant which has not been disbursed or irrevocably committed to third parties. Financial settlement of this Grant shall be governed by the termination procedures specified in paragraph (c) above.

3. Delete the applicability statement in Standard Provision 16, Voluntary Participation, and substitute the following therefor:

"(This provision is applicable to all grants involving any aspect of family planning or population assistance activities.)"

4. Delete the applicability statement in Standard Provision 17, Prohibition on Abortion-Related Activities, and substitute the following therefor:

*This is Standard Provision 5 for AID Forms 1420-53, and -54

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

5. Add the following to the last line of paragraph (a) of Standard Provision 17: "; (5) lobbying for abortion."

6. Delete paragraph (b) of Standard Provision 17 and substitute the following therefor:

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

(c) The Grantee shall insert paragraphs (a), (b), and (c) of this provision in all subgrants, subcontracts, purchase orders, and any other subordinate agreements hereunder."

7. *Delete Paragraph (c) of Standard Provision 10A entitled "Procurement of Goods and Services Under \$250,000" and substitute the following therefore:

"(c) Geographic Source and Order of Preference

All goods (e.g., equipment, materials, and supplies) and services, the costs of which are to be reimbursed under this grant, and which will be financed with United States dollars, shall be purchased in and shipped from only "Special Free World" countries (i.e., AID Geographic Code 935) in accordance with the following order of preference:

- (1) the United States (AID Geographic Code 000),
- (2) the cooperating country,
- (3) "Selected Free World" countries (AID Geographic Code 941),
- (4) "Special Free World" countries (AID Geographic Code 935)."

8. **Delete Paragraph (d) of Standard Provision 10B entitled "Procurement of Goods and Services Over \$250,000," and substitute the following therefore:

*This is Standard Provision 12A for AID Forms 1420-53 and -54.
**This is Standard Provision 12B for AID Forms 1420-53 and -54

"(d) Nationality. Except as specified in paragraph (c) of this provision, in order to be eligible for AID financing under this grant, suppliers, contractors, or subcontractors must fit one of the following categories:

(1) Suppliers of commodities. A supplier providing goods under this grant must fit one of the following categories for the costs of such goods to be eligible for AID financing:

(i) An individual who is a citizen or, except as provided in paragraph (d)(7) of this clause, a legal resident of a country or area included in the authorized geographic code;

(ii) A corporation or partnership organized under the laws of a country or area included in the authorized geographic code;

(iii) A controlled foreign corporation, i.e., any foreign corporation of which more than 50 percent of the total combined voting power of all classes of stock is owned by United States shareholders within the meaning of Section 957 et seq. of the Internal Revenue Code, 26 U.S.C. 957; or

(iv) A joint venture or unincorporated association consisting entirely of individuals, corporations, or partnerships which are eligible under any of the foregoing categories.

(2) Privately owned commercial suppliers of services. An individual or a privately owned commercial firm is eligible for financing by AID under this grant as a contractor providing services only if the criteria in paragraphs (d)(2)(i), (ii), or (iii) of this provision are met and, in the case of the categories described in paragraphs (d)(2)(ii) and (iii), the certification requirements in paragraph (d)(2)(iv) are met.

(i) The supplier is an individual who is a citizen of and whose principal place of business is in a country or area included in the authorized geographic code or a non-U.S. citizen lawfully admitted for permanent residence in the United States whose principal place of business is in the United States;

(ii) The supplier is a privately owned commercial (i.e., for profit) corporation or partnership that is incorporated or legally organized under the laws of a country or area included in the authorized geographic code, has its principal place of business in a country or area included in the authorized geographic code, and meets the criteria set forth in either subparagraph (A) or (B) below:

(A) The corporation or partnership is more than 50% beneficially owned by individuals who are citizens of a country or area included in the authorized geographic code. In the case of corporations, "more than 50% beneficially owned" means that more than 50% of each class of stock is owned by such individuals; in the case of partnerships, "more than 50% beneficially owned" means that more than 50% of each category of partnership interest (e.g., general, limited) is owned by such individuals. (With respect to stock or interest held by companies, funds or institutions, the ultimate beneficial ownership by individuals is controlling.)

(B) The corporation or partnership:

(1) has been incorporated or legally organized in the United States for more than 3 years prior to the issuance date of the invitation for bids or request for proposals, and

(2) has performed within the United States similar administrative and technical, professional, or construction services under a contract or contracts for services and derived revenue therefrom in each of the 3 years prior to the issuance date of the invitation for bids or request for proposals, and

(3) employs United States citizens in more than half its permanent full-time positions in the United States, and

(4) has the existing capability in the United States to perform the contract.

(iii) The supplier is a joint venture or unincorporated association consisting entirely of individuals, corporations, partnerships, or nonprofit organizations which are eligible under paragraphs (d)(2)(i), (d)(2)(ii), or (d)(3) of this provision.

(iv) A duly authorized officer of a firm or nonprofit organization shall certify that the participating firm or nonprofit organization meets either the requirements of paragraphs (d)(2)(ii)(A), (d)(2)(ii)(B), or (d)(3) of this clause. In the case of corporations, the certifying officer shall be the corporate secretary. With respect to the requirements of paragraph (d)(2)(ii)(A), the certifying officer may presume citizenship on the basis of the stockholder's record address, provided the certifying officer certifies, regarding any stockholder (including any corporate fund or institutional stockholder) whose holdings are material to the corporation's eligibility, that the certifying officer knows of no fact which might rebut that presumption.

(3) Nonprofit organizations. Nonprofit organizations, such as educational institutions, foundations, and associations, are eligible for financing by AID under this grant as contractors for services if they meet all of the criteria listed in paragraphs (d)(3)(i), (ii), and (iii) below, and the certification requirement in paragraph (d)(2)(iv) of this clause is met. (International agricultural research centers and such other international research centers as may be, from time to time, formally listed as such by the Senior Assistant Administrator, Bureau for Science and Technology, are considered to be of U.S. nationality for purposes of this provision.) Any such organizations must:

(i) Be organized under the laws of a country or area included in the authorized geographic code; and

(ii) Be controlled and managed by a governing body, a majority of whose members are citizens of countries or areas included in the authorized geographic code; and

(iii) Have its principal facilities and offices in a country or area included in the authorized geographic code.

(4) Government-owned organizations. Except as may be specifically approved in advance by the Grant Officer firms operated as commercial companies or other organizations (including nonprofit organizations other than public educational institutions) which are wholly or partially owned by governments or agencies thereof are not eligible for financing by AID under this grant as contractors.

(5) Joint ventures. A joint venture or unincorporated association is eligible only if each of its members is eligible in accordance with paragraphs (d)(2), (3), or (4) of this clause.

(6) Construction services from local firms. When the host country is an authorized source for services, and the estimated cost of the construction services is \$5 million or less, a corporation or partnership may be determined by AID to be an integral part of the local economy in accordance with AID Handbook 1B, Chapter 5, Paragraph 5D5, is eligible.

(7) Ineligible suppliers. Citizens of any country or area, and firms and organizations located in or organized under the laws of any country or area, which is not included in Geographic Code 935 are ineligible for financing by AID as suppliers of services or of commodities, or as agents acting in connection with the supply of services or of commodities, except that non-U.S. citizens lawfully admitted for permanent residence in the United States are eligible regardless of such citizenship.

(8) Special restrictions on 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 the 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, obtain the AID Grant Officer's approval for any such contract."