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698-0435.07

UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT

REGIONAL ECONOMIC DEVELOPMENT SERVICES OFFICE
FOR EAST AND SOUTHERN AFRICA (REDSO/ESA)

United States Postal Address
REDSO/ESA
BOX 221
APO NEW YORK 09675

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POST OFFICE BOX 3026
NAIROBI, KENYA

L.D. Stifel
Director General
International Institute of Tropical Agriculture
Oyo Road, PMB 5320
Ibadan, Nigeria

11 MAR 1987

Dear Dr. Stifel:

Subject: Grant No. 623-0435-G-SS-7005-00

I have the honor to refer to your letter of 9 July 1986 regarding IITA's proposal for A.I.D. support to the East and Southern Africa Root Crop Research Network (ESARRN).

I am pleased to inform you that, pursuant to the authority contained in Section 103 of 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 International Institute of Tropical Agriculture (IITA) (hereinafter referred to as the "Recipient" or "Grantee") the sum of Nine Hundred Forty Two Thousand and Nine Hundred United States Dollars (\$942,900), to be used in support of the East and Southern Africa Root Crop Research Network (ESARRN), as described in Attachment 1 (Schedule) and Attachment 2 (Program Description) of this Grant.

The sum granted above constitutes the full amount of A.I.D. funding for ESARRN during the three year life of project. The financial plan and project budget, as set forth in Attachment 3 (Financial Plan), are based on the full three year life of project and include planned contributions from IDRC as well as IITA in-kind contributions.

The Grant is effective and obligation is made as of the date of this letter, and shall apply to commitments made by the Grantee in furtherance of the program objectives during the period beginning with the effective date and ending three years later.

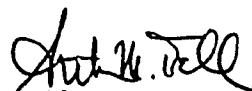
This Grant is made to IITA on condition that the funds will be administered in accordance with the terms and conditions set forth in Attachment 1 (Schedule), Attachment 2 (Program Description), Attachment 3 (Financial Plan), and Attachment 4 (Standard Provisions) which have been agreed to by your organization.

In Attachment 1, your attention is called to: (1) the Condition Precedent regarding evidence of agreement by the Government of Malawi to locate the ESARRN coordinator's office in Lilongwe or, failing that understanding, agreement by the Government of Rwanda to permit IITA to continue and expand its root crop research networking activities from its Kigali office; (2) the Covenant requiring detailed annual work plans and budgets for the ESARRN activity; and (3) the Covenant regarding monitoring of pesticides and fungicides.

A project implementation letter will be issued in the very near future regarding allowable costs which may be incurred prior to meeting the condition precedent and providing further details on financial reporting procedures. In addition, A.I.D. will advise you from time to time regarding countries to which the provision of AID assistance is prohibited under the Foreign Assistance Act.

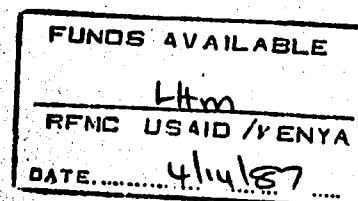
Please sign the original and four (4) copies of this letter to acknowledge your receipt of the Grant, and return the original and three (3) copies to me.

Sincerely yours,


Arthur M. Fell
Director, REDSO/ESA
Grant Officer

ATTACHMENTS:

1. Schedule
2. Program Description
3. Financial Plan
4. Standard Provisions



ACKNOWLEDGED:

International Institute of Tropical Agriculture (IITA)

By: Jamene O. Sule

Title: Director General

Date: 27 - 03 - 87.

FISCAL DATA

Project No.	:	698-0435
Subproject No.	:	698-0435.07
Appropriation	:	72-1171021.3
Budget Plan Code	:	GDNA-87-21623-KG12
Total Estimated Amount	:	\$942,900
Total Obligated Amount	:	\$942,900
Q570001	/	

SCHEDULE

A. PURPOSE OF GRANT

The purpose of the Grant is to provide support to Grantee for continuing and expanding its efforts to establish a root crop research network in East and Southern Africa. Improved varieties and cultural practices specifically adapted to the region will be developed and disseminated.

The Project is more fully described in Attachment 2 to this Grant entitled "Program Description."

B. PERIOD OF GRANT

The effective date of this grant is the date of this letter. The expiration date is three years later. The terminal disbursement date will extend 90 days after the expiration date.

C. AMOUNT OF GRANT AND PAYMENT

1. A.I.D. hereby obligates \$942,900 for purposes of this Grant. This represents the full amount of planned A.I.D. funding for the Project.

2. Payment will be made to the Grantee in accordance with procedures set forth in the Standard Provision entitled "Payment - Periodic Advance" in Attachment 4, subject to the Conditions Precedent set forth below.

3. To simplify the accounting and control of A.I.D. funds for U.S. dollar and local currency expenses under the project, Grantee will establish a separate account for A.I.D. project funds. Upon receipt of Grantee's request, A.I.D. is prepared to advance funds quarterly to meet disbursing requirements up to ninety (90) days. To obtain the initial and subsequent release of funds, the Grantee shall submit SF 1034 (3 copies) to the Regional Financial Management Center (RFMC), P.O. Box 30261, Nairobi, Kenya, supported by a "Project Financial Implementation Report" certified as correct by Grantee's authorized representative. Grantee will maintain records and documents to support expenditures under the grant and make such records and documents available for inspection by A.I.D. representatives upon request.

D. FINANCIAL PLAN

The total cost of the three-year period of the project is estimated at US\$1,559,000. The financial plan for implementing the Project is contained in Attachment 3 entitled "Financial Plan." The plan is based on the anticipation that funds amounting to US\$942,900 will be provided by A.I.D. to the Grantee over the three year life of Project, that funds amounting to US\$379,100 will be provided by IDRC to the Grantee over the first two years of the Project and that Grantee will provide \$237,000 of in-kind contributions.

E. REPORTING AND EVALUATION

1. One copy of all reports shall be submitted to the Africa Bureau Technical Resources Office (AFR/TR) in Washington, D.C. 20523.

2. Copies of all reports shall be submitted to REDSO/ESA, Box 30261, Nairobi, Kenya.

3. Copies of all financial reports shall be submitted to the Regional Financial Management Center (RFMC), Box 30261, Nairobi, Kenya.

4. To liquidate advances made by A.I.D., Grantee will submit quarterly reports on the financial status of the project, within thirty (30) days after the end of each calendar quarter, as well as semi-annual progress reports.

(a) Financial Reports - The quarterly financial reports will summarize the previous quarter's financial activities of Grantee under the project, as well as the cumulative financial status of the project. These reports should contain the following information:

- a summary of the deposits, withdrawals, and balance of the separate special account;
- a detailed accounting of disbursements for the U.S. dollar costs of goods and services;
- a description of any financial problem encountered by Grantee in implementing the project, as well as Grantee recommended solutions;
- evidence that funds from all sources which have been budgeted for the project are coming in; and
- any other financial information that A.I.D. may reasonably request, such as background data showing line item breakdown of salaries, benefits, per diem, travel costs, etc.

(b) Progress Reports - Grantee will submit semi-annual narrative progress reports to REDSO/ESA which describe the following:

- the progress under the project during the six-month period (to be submitted on April 15 and October 15 of each year);
- prospects for implementation during the coming six-month period;
- problems encountered and Grantee-proposed solutions to them;
- recommendations regarding A.I.D. assistance required for problem resolution; and

(c) Audit Reports - Grantee will submit a copy of each annual external audit report to REDSO/ESA.

any other information which A.I.D. may reasonably request.

5. Evaluation Plan - Two evaluations are scheduled during the life of project -- one at the mid-term (approximately June 1988) and one at the end of the project. It is expected that REDSO/ESA and possibly A.I.D./W will participate in these evaluations, along with IDRC, Grantee, and national root crop research program leaders. Furthermore, A.I.D. will approve the scopes of work and team composition for both evaluations. The evaluations will ascertain whether project outputs are being realized in a manner consistent with the project description, and whether the outputs contribute to the project goal. The mid-term evaluation will also include a preliminary assessment of the nature and extent of the need for further funding.

F. TITLE TO PROPERTY

Grantee will take and hold title to all capital goods and equipment acquired with grant funds during the life of the project. Upon project completion, title to all such goods and equipment will be transferred to the cooperating countries or disposed of in accordance with instructions to be issued by A.I.D. at that time.

G. SPECIAL PROVISIONS

1. Condition Precedent

Prior to the first disbursement of funds under the Grant, or to the issuance by A.I.D. of any commitment documents with respect thereto (except for disbursement for costs of the program coordinator, his staff, and routine operating expenses of the coordinator's office), Grantee will present to A.I.D., in form and substance satisfactory to A.I.D., evidence that the Government of Malawi has agreed to locate the ESARRN coordinator's office in Lilongwe or, failing such agreement, that the Government of Rwanda will permit the coordinator to continue and expand his ESARRN networking activities from the Grantee's office in Kigali during the life of the sub-project. The terminal date for meeting this C.P. shall be September 1, 1987, or such other date to which A.I.D. may otherwise agree.

2. Covenants

(1) Grantee will submit a detailed work plan and budget for Year 1 of the sub-project to A.I.D. within thirty days of Grant award, or such later date as A.I.D. may agree to in writing. Subsequently, Grantee will annually submit a similarly detailed work plan and budget for each year of the Program, not later than 60 days prior to the beginning of that year. The basis for the program years, whether fiscal, calendar, crop year or other, will be mutually agreed upon by the parties by exchange of letters.

(2) Grantee will assure that all procurement and use of pesticides under

the sub-project shall be in accordance with Section 216.3(b) of A.I.D. Regulation 16.

3. General Recommendations

(a) That copies of the guidelines in the REDSO/ESA "Risk/Benefit Analysis for Pesticide/Fungicide Use" should be brought to the attention of research staff in ESARRN;

(b) That the pesticides in use in the Program should be those recommended in the REDSO/ESA guidelines and are being applied by properly trained personnel;

(c) That any treated planting materials should be properly labelled (either as poison, or unfit for human consumption) and safely stored and/or accounted for to prevent them from being eaten or sold as food for animals or humans; and

(d) That any research station involved in the Program intending to use pesticides should have proper storage and mixing facilities, properly trained applicators and appropriate safety clothing.

4. Authorized Source, Origin and Nationality of Goods and Services

Standard Provision No. 18 entitled "Ineligible and Restricted Goods and Services (Nov 8.0)" applies to A.I.D. funds granted hereby; however, paragraph (b)(2) is amended to include the cooperating country as an eligible source for goods and services to be procured under the grant. For the purpose of local cost financing, "cooperating country" shall include Nigeria (where Grantee is headquartered), Burundi, Kenya, Madagascar, Malawi, Mozambique, Rwanda, Sudan, Uganda, Zambia, and any other East or Southern Africa country which subsequently agrees to participate in the program and is approved by A.I.D. An approved blanket waiver allows the purchase of a right-hand drive vehicle from Geographic Code 935 for project use in Malawi.

In the event that ocean shipment of goods are required, Standard Provision No. 16 shall apply.

5. Local Cost Financing with U.S. Dollars

In accordance with Standard Provision No. 20, the grantee is authorized local cost financing with U.S. dollars of goods and services up to the total amount of the grant.

6. Travel and Subsistence Allowances

Grantee will be reimbursed for necessary travel and subsistence of Grantee's employees and consultants in accordance with Standard Provision No. 15 entitled "Air Travel and Transportation". In no event will Grantee be reimbursed in an amount in excess of the rates authorized by the Standardized Regulations (Government Civilians Foreign Areas) published by the U.S. Department of State, as from time to time amended.

7. Audit Arrangements

The Grantee agrees that it will conduct an annual external audit (funded from other sources) of the expenditure of funds under this grant, either as part of the annual external audit of the Grantee's overall operations or separately. In either case, the audit information prepared will be adequate to show the receipt, application and expenditure of all funds provided under the grant in sufficient enough detail to permit determination whether all funds have been spent in accordance with the terms of the grant. It is also agreed that funds provided under the Grant will be used for the conduct of special financial reviews of grant operations at other times during the project if determined necessary by AID.

8. Construction

Prior to entering into any commitment for the construction or renovation of any facility which the Grantee expects to finance in whole or in part from the Grant, the Grantee shall submit for prior AID review and approval all plans, specifications and other procurement documentation as AID may specify relating to such construction or renovation.

H. Implementation Arrangements

1. Commodity Procurement - It is expected that most project commodities will be procured off-the-shelf in the participating countries. The REDSO/ESA Commodity Management Officer will assist Grantee in procuring any item to be purchased in the United States. It is expected that good commercial practice will be employed by Grantee in all project-funded procurements.

2. Contracting - Grantee will perform all major work involved in the procurement of goods and services required for implementation of the project in accordance with its established purchasing procedures and Standard Provisions No. 17 and 18.

I. Negotiated Indirect Cost Rates

Pursuant to the Standard Provision of this Grant entitled "Negotiated Overhead Rates - Provisional", a rate or rates shall be established for each of the Grantee's accounting periods during the term of the Grant. Pending establishment of final overhead rates for the initial period, provisional payments on account of allowable indirect costs shall be made on the basis of the following negotiated provisional rates applied to the base(s) which are set forth below:

<u>Base of Application</u>	<u>Rate</u>	<u>Period</u>
Total Direct Costs	18%	Until Amended

PROGRAM DESCRIPTION

A. Purpose

The purpose of this project is to establish a root crop research network to foster cooperation and sharing among national root crop research leaders and to strengthen national programs further with a view toward increasing root crop production and productivity throughout East and Southern Africa.

B. Rationale/Strategy

For several years, the Tuber and Root Improvement Program (TRIP), a component of the International Institute for Tropical Agriculture (Grantee), has been actively encouraging the development of national root crop research programs in East and Southern Africa. With the support of IDRC, a long-term Grantee advisor was located in Rwanda and from this base has been working with several countries of the region to initiate and/or strengthen their research efforts. Grantee provides national programs with improved high yielding disease- and pest-resistant materials, along with improved production technologies and training. This support has resulted in the establishment of several national programs which have developed to the stage where scientists could now benefit from and contribute to the establishment of a cooperative regional research network. Grantee, in association with other national programs and donor agencies, has succeeded in developing regional networks elsewhere and is eager to develop one for root crops in East and Southern Africa.

To promote regional root crop research objectives further, it is necessary to improve the dissemination and utilization of research results throughout the region by: (1) establishing a network of researchers in tropical root crops to foster collaboration in research and facilitate the exchange of germplasm and information; and (2) continuing to develop the skills of researchers in participating countries so that they are capable of studying and improving root crops at home and throughout the region.

Specific project objectives are:

To encourage rigorous collaborative planning and evaluation of root crop research in the region;

To increase the useful genetic base for the principal root crops and to enhance its utilization in improvement programs in the region;
To facilitate improvement of root crop cropping systems through surveys, design and methodology development;

To develop improved techniques for drying, processing and utilizing cassava in rural areas; and

To foster the establishment of effective systems for delivery of improved technology to farmers.

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C. Project Description

This project is intended for multi-donor funding under the aegis of the International Institute of Tropical Agriculture (Grantee). Canada has participated in the project development process, and IDRC will share in project financing. Grantee will make in-kind contributions.

1. Duration of the Project

The overall effort to establish a root crop research network based on strong national programs will require ten or more years. The present projected funding is for an initial three (3) years which is considered sufficient to encourage regional cooperation in research, initiate sharing of information and germplasm, and enable trainees to complete MSc. degrees. Extension of the project beyond three years and possible modifications to respond to national needs will depend on the results of evaluations during the course of the first three years, as well as the availability of funding.

2. Regional Coordinator

This regional project assumes that major root crop production constraints can be overcome through the development of better genetic materials with improved resistances to pests, diseases, drought, more efficient utilization of available nutrients, and more appeal of consumers. Accordingly, the staff is headed by a coordinator who is a breeder/agronomist. Negotiations are underway with the Government of Malawi to locate the coordinator's office in Lilongwe. In the event an agreement is not reached soon, the Government of Rwanda has agreed to permit the coordinator to continue networking activities from his current Kigali office. (Resolution of this issue is a condition precedent of all disbursements other than for the coordinator's salary and for expenses directly related to operating his office.) IDRC will finance a portion of the costs of his salary during the first year; thereafter his salary and allowances will be fully financed by the A.I.D. grant. The coordinator will spend up to forty percent of his time providing direct support to national root crop research programs, and the balance on networking activities. He will be responsible for working with the Steering Committee to finalize the project strategy and objectives and for preparing annual workplans to be submitted to the donors for review and approval. He will manage the project on a day-to-day basis to assure its efficient operation according to agreed-upon objectives. Major activities will be to assist in the development and strengthening of selected root crop research programs in the region, to identify MSc. and short-term training candidates and arrange for their training, to organize regional meetings and workshops, and to develop materials and information for dissemination throughout the region.

3. Support Staff

The coordinator will be assisted by a three-person support staff composed of locally-hired individuals. This staff may include an assistant, a clerk/typist, and a driver.

4. Project Direction

Overall project direction will be the responsibility of the principal staff, in consultation with the donors. Whenever possible, participating national program heads will be involved in planning specific network activities. Project activities will be jointly monitored by the donors, the program coordinator, and a regional committee consisting of three persons representing network countries.

5. Outputs

It is anticipated that at the end of the first three-year period, the following outputs will have been achieved:

- (a) Major changes in attitudes towards root crops in the region.
- (b) Exchange of improved population gene pools among national programs in seed form, for both sweet potato and cassava.
- (c) Continued selection from population of improved lines that originated from Grantee and the region and have been adapted to the local conditions.
- (d) Short- and medium-term training of 180 technicians; and up to six MSc. degree candidates.
- (e) Formal and informal exchange (through workshops, meetings, newsletters, and other publications) of research results.
- (f) Preliminary information on the management of healthy planting material and improved processing techniques ready for field testing.
- (g) Better information into the progress and impact of the biological control on the cassava mealybug.
- (h) Upgraded root crops capacity to generate and utilize research results on the part of national programs.

D. General Responsibilities

1. Grantee

Grantee will have full responsibility for implementing the project. To simplify matters, the established implementing and operating procedures being used by Grantee, in conjunction with other donor-funded work, will also be used to implement major portions of this project.

2. A.I.D.

The implementation of this project will be monitored by REDSO/ESA. A limited amount of legal, contracting, procurement and project management assistance will be provided by REDSO/ESA during the life of the project. It is also envisioned that REDSO/ESA will play a central role in the evaluation of the project -- both at mid-term and at the end of the project. REDSO/ESA will review and approve annual work plans developed by the coordinator, in conjunction with the national program leaders, as well as periodic progress reports and financial vouchers.

Financial Plan

The Financial Plan consists of:

Table 1 - This table summarizes proposed A.I.D., IDRC and Grantee (IITA) support for the life of project.

and

Table 2-4 - These tables provide detailed budget estimates for A.I.D. funding by year for each project component.

Table 1
Financial Plan
East and Southern African Root Crops Research Network
(US \$000)

INPUT	A.I.D.	IDRC	IITA	TOTAL
Personnel	326	88	-	414
Consultancies	24	12	60	96
Office Rent	6	-	-	6
Travel & Transportation	56	14	-	70
Regional Research Expenses	156	14	66	236
National Research Expenses	-	94	-	94
Training & Workshops	62	86	111	259
Publications & Communications	30	-	-	30
Equipment	23	33	-	56
Audit & Evaluations	40	4	-	44
Overhead (Central Services Costs)*	129	12	-	141
Contingency/Inflation**	91	22	-	113
TOTAL	943	379	237	1,559

* Overhead (central services costs) has been budgeted at 18% of all grant elements in accordance with grantee's most recent negotiated indirect cost rate agreement.

** Contingency (13%) and inflation (7%) have been budgeted for all grant elements with the exception of overhead and the coordinator's salary which includes provisions for annual increases.

Table 2

**A.I.D. Contribution for Coordinator's Office
East and Southern Root Crops Research Network*
(US \$000)**

ITEMS	Year			A.I.D. TOTAL
	1	2	3	
1. Salaries, Wages and Allowances				
1.1 <u>International</u>				
Coordinator	28	104	136	268
1.2 <u>National</u>				
1.2.1 Assistant	--	8	8	16
1.2.2 Clerk typist	6	6	6	18
1.2.3 Driver	8	8	8	24
2. Office Space / Equipment				
2.1 Office rent	2	2	2	6
2.2 Vehicle	15	-	-	15
2.3 Laboratory equipment	-	-	-	-
2.4 Furniture and appliances	8	-	-	8
2.5 Nursery facilities	-	-	-	-
3. Research expenses				
3.1 Supplies and expenses	4	4	4	12
3.2 Vehicle operation and Maintenance	2	3	3	8
3.3 Film production	-	4	2	6
4. Travel				
4.1 International/Regional	10	20	20	50
4.2 Local travel	-	4	2	6
5. Newsletter	5	5	5	15
6. Sub-Total	88.0	168.0	196.0	452.0
7. Central Services Costs**	15.5	29.9	34.9	80.3
8. Contingency/Inflation***	11.6	12.4	12.6	36.6
TOTAL	115.1	210.3	243.5	568.9

* The Grantee may shift funds among line items by up to ten percent of the value of any given budget line, without prior A.I.D. approval.

** Overhead (central services costs) has been budgeted at 18% of all grant elements in accordance with Grantee's most recent negotiated indirect cost rate agreement.

*** Contingency (13%) and inflation (7%) have been budgeted for all grant elements with the exception of overhead and the coordinator's salary which includes provisions for annual increases. These costs are shown in the grant as a lump sum. It will be decided by project implementation letter (PIL) how to allocate contingency.

Table 3

A.I.D. Contribution for Networking Activities
East and Southern Africa Root Crops Research Network*
(US \$000)

ITEMS	Year			A.I.D. TOTAL	
	1	2	3		
1. Training and Workshops					
1.1	In-service training at IITA	-	-	-	-
1.2	M.SC. fellowships	9	9	-	18
1.3	Visiting scientists	-	-	-	-
1.4	Workshops	2	25	2	29
	Group meetings	-	14	-	14
1.6	Short course on bio-congrol	-	-	-	-
1.7	Communications	-	1	-	1
2. Publications and Communications					
2.1	Subscription to Journals, etc.	3	3	3	9
2.2	Telex, telephones, cables, etc.	2	2	2	6
3. Consultancies					
3.1	Committee meetings and monitoring tours	-	-	-	-
3.2	Consulting services with regional experts	8	8	8	24
4. Auditing and Evaluation					
4.1	Evaluation	-	10	10	20
4.2	Auditing	-	10	10	20
5. Sub-Total					
		24.0	82.0	35.0	141.0
6. Central Services Costs**					
		4.3	14.8	6.3	25.4
7. Contingencies/Inflation***					
		4.8	16.4	7.0	28.2
TOTAL		33.1	113.2	48.3	194.6

* The Grantee may shift funds among line items by up to ten percent of the value of any given budget line, without prior A.I.D. approval.

** Overhead (central services costs) has been budgeted at 18% of all grant elements in accordance with Grantee's most recent negotiated indirect cost rate agreement.

*** Contingency (13%) and inflation (7%) have been budgeted for all grant elements with the exception of overhead and the coordinator's salary which includes provisions for annual increases. It will be decided by project implementation letter (PIL) how to allocate contingency.

of funding for a program should be suspended or terminated because such assistance is not in the national interest of the United States or that it would be in violation of an applicable law, then AID may, following notice to the grantee, suspend this grant and prohibit the grantee from incurring additional obligations chargeable to this grant other than necessary and proper costs in accordance with the terms of this grant during the period of suspension. If the situation causing the suspension continues for 60 days or more, then AID may terminate this grant on written notice to the grantee and cancel that portion of this grant which has not been disbursed or irrevocably committed to third parties. Financial settlement of this grant shall be governed by the termination procedures specified in paragraph (c) above.

6. DISPUTES (NOVEMBER 1984)

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

(b) Decisions of the AID grant officer shall be final unless, within 30 days of receipt of the decision of the grant officer, the grantee appeals the decision to the Administrator of 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 the appeal shall be concurrently furnished to the grant officer.

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

(d) A decision under this provision by the Administrator or an authorized representative shall be final unless overruled by a court of competent jurisdiction.

7. INELIGIBLE COUNTRIES (NOVEMBER 1984)

Unless otherwise approved by the AID grant officer, no funds will be expended for costs incurred in countries ineligible for assistance under the Foreign Assistance Act of 1961, as amended, or under acts appropriating funds for foreign assistance.

8. NONDISCRIMINATION IN FEDERALLY ASSISTED PROGRAMS (NOVEMBER 1984)

No person in the United States, consistent with the laws of 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 funded

by this grant on the basis of race, color, national origin, age, handicap, or sex.

9. U.S. OFFICIALS NOT TO BENEFIT (NOVEMBER 1984)

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

10. COVENANT AGAINST CONTINGENT FEES (NOVEMBER 1984)

The grantee certifies that no person or selling agency has been employed or retained to solicit or secure this grant upon an agreement or understanding 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 certification, AID shall have the right to cancel this grant without liability or, to deduct from the grant amount, or otherwise recover, the full amount of each commission, percentage, brokerage, or contingent fee.

11. NONLIABILITY (NOVEMBER 1984)

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

12. AMENDMENT (NOVEMBER 1984)

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

13. NOTICES (NOVEMBER 1984)

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

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

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

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

Table 4

A.I.D. Contribution for Regional/National Research Programs
East and Southern Africa Root Crops Research Network*
(US \$000)

<u>ITEMS</u>	<u>Year</u>			<u>A.I.D. TOTAL</u>
	1	2	3	
<u>1. REGIONAL SUPPORT</u>				
1.1 Laboratory equipment & facilities for quarantine services	25	10	5	40
1.2 Operations and supplies for regional collaborative research	15	35	40	90
<u>2. COLLABORATIVE NATIONAL RESEARCH EXPENSES</u>				
2.1. Burundi	-	-	-	-
2.2. Ethiopia	-	-	-	-
2.3. Kenya	-	-	-	-
2.4. Malawi	-	-	-	-
2.5. Rwanda	-	-	-	-
2.6. Tanzania / Zanzibar	-	-	-	-
2.7. Uganda	-	-	-	-
2.8. Zambia	-	-	-	-
2.9. Local Accounting Services	-	-	-	-
3. <u>Subtotal</u>	40.0	45.0	45.0	130.0
4. <u>Central Services Costs**</u>	7.2	8.1	8.1	23.4
5. <u>Contingency/Inflation***</u>	8.0	9.0	9.0	26.0
TOTAL	55.2	62.1	62.1	179.4

* The Grantee may shift funds among line items by up to ten percent of the value of any given budget line, without prior A.I.D. approval.

** Overhead (central services costs) has been budgeted at 18% of all grant elements in accordance with Grantee's most recent negotiated indirect cost rate agreement.

*** Contingency (13%) and inflation (7%) have been budgeted for all grant elements with the exception of overhead and the coordinator's salary which includes provisions for annual increases. It will be decided by project implementation letter (PIL) how to allocate contingency.

ADDITIONAL MANDATORY STANDARD PROVISIONS

14. AID 1420-54A Payment- Period Advance
15. AID 1420-54C Air Travel and Transportation
16. AID 1420-54D Ocean Shipment of Goods
17. AID 1420-54E Procurement of Goods and Services
18. AID-1420-54E Ineligible and Restricted Goods and Services
19. AID 1420-54F Subagreements
20. AID 1420-54G Local Cost Financing with U.S. Dollars
21. AID 1420-54H Publications
22. AID 1420-54I Patent Rights
23. AID 1420-54J Regulations Governing Employees
24. AID 1420-54K Participant Training
25. AID 1420-54N Negotiated Overhead Rates - Provisional
26. AID 1420-54P Title To and Use of property (Grantee Title)

14. PAYMENT—PERIODIC ADVANCE (NOVEMBER 1984)

(This provision is applicable when (1) the grantee has an acceptable accounting system (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) 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.

(b) Each quarter, after the initial cash advance, the grantee shall submit to the AID Controller, identified in the schedule, voucher SF 1034 (original) and SF 1034-A (three copies), entitled "Public Voucher for Purchases and Services Other Than Personal", copies of which are attached.

(c) 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.
2. The grantee shall attach a Summary, by BUDGET line item, of its projected disbursements for the next reporting period.

C. Certification:

The undersigned hereby certifies: (1) that the amount in paragraph B.9 above represents the best estimate 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, (3) that appropriate refund or credit to the grant will be made in the event funds are not expended, and (4) that any interest accrued on the funds made available herein will be refunded to AID.

DATE: _____ BY: _____
 TITLE: _____

15. AIR TRAVEL AND TRANSPORTATION
(NOVEMBER 1984)

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

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

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

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

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

(e) U.S. flag air carrier service is considered available even though:

(1) Comparable or a different kind of service can be provided at less cost by a foreign air carrier;

(2) Foreign air carrier service is preferred by or is more convenient for the agency or traveler; or

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

(f) Except as provided in paragraph (b) of this section, U.S. flag air carrier service must be used for all Government-financed commercial foreign air travel if

service provided by such carriers is available. In determining availability of a U.S. flag air carrier, the following scheduling principles should be followed unless their application results in the last or first leg of travel to or from the United States being performed by a foreign air carrier:

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

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

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

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

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

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

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

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

(2) Where one of the two points abroad is the gateway airport (as defined in paragraph (g) of this section) enroute to or from the United States, if the use of a U.S. flag air carrier would extend the time in a travel status by at least six hours more than travel by foreign

air carrier including accelerated arrival at the overseas destination or delayed departure from the overseas origin as well as delay at the gateway airport or other interchange point abroad; or

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

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

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

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

CERTIFICATION OF UNAVAILABILITY OF U.S. FLAG AIR CARRIERS

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

(1) International Travel

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

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

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

16. OCEAN SHIPMENT OF GOODS (NOVEMBER 1984)

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

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

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

(c) When U.S. flag vessels are not available, or their use would result in a significant delay, the grantee may

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

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

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

**17. PROCUREMENT OF GOODS AND SERVICES
(NOVEMBER 1984)**

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

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

(a) General Requirements:

(1) The recipient shall maintain a code of standards of conduct that shall govern the performance of its officers, employees or agents engaged in the awarding and administration of contracts using AID funds. No employee, officer or agent shall participate in the selection, award or administration of a contract in which AID funds are used, where, to his/her knowledge, he/she or his/her immediate family, partners, or organization in which he/she or his/her immediate family or partners has a financial interest; or with whom he/she is negotiating or has any arrangement concerning prospective employment. The recipient's officers, employees or agents shall neither solicit nor accept gratuities, favors or anything of monetary value from contractors or potential contractors. Such standards shall provide for disciplinary actions to be applied for violations of such standards by the recipient's officers, employees or agents.

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

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

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

to determine which would be the most economical practical procurement. Such an analysis shall not be required for motor vehicles.

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

(iii) Positive efforts shall be made by the recipients to utilize small business and minority-owned business sources of supplies and services. Such efforts should allow these sources the maximum feasible opportunity to compete for contracts utilizing AID funds. To permit AID, in accordance with the small business provisions of the Foreign Assistance Act of 1961, as amended, to give United States small business firms an opportunity to participate in supplying commodities and services procured under this grant, the grantee shall to the maximum extent possible provide the following information to the Office of Small Disadvantaged Business Utilization, AID/Washington, D.C. 20523, at least 45 days prior (except where a shorter time is requested of and granted by the Office of Small and Disadvantaged Business Utilization) to placing any order or contract in excess of \$25,000:

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

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

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

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

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

(vi) All proposed sole source contracts or where only one bid or proposal is received in which the aggregate

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

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

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

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

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

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

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

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

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

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

be advised as to the source of additional information regarding these matters.

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

18. INELIGIBLE AND RESTRICTED GOODS AND SERVICES (NOVEMBER 1984)

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

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

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

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

(2) *Ineligible Suppliers.* Funds provided under this grant shall not be used to procure any 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 under this grant. AID will provide the grantee with this list.

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

- (i) Agricultural commodities.
- (ii) Motor vehicles.
- (iii) Pharmaceuticals.
- (iv) Pesticides.
- (v) Rubber compounding chemicals and plasticizers.
- (vi) Used equipment.
- (vii) U.S. Government-owned excess property, or
- (viii) Fertilizer.

(b) *Source, Origin, and Nationality:* The eligibility of the source, origin, and nationality of the goods and services is divided into the following categories of under and over \$250,000 for the total procurement element during the life of the grant. The total procurement element includes procurement of all goods (e.g. equipment, materials, supplies) and services. Guidance on the eligibility of specific goods or services may be obtained from the grant officer. AID policies on source, origin, and nationality are contained in Chapters 4 and 5 of AID Handbook I, Supplement B, (Procurement Policies).

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

(i) All goods and services, the costs of which are to be reimbursed under this grant and which will be financed with 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:

(A) The United States (AID Geographic code (XX)).

(B) The Cooperating Country.

(C) "Selected Free World" countries (AID Geographic Code 911).

(D) "Special Free World" countries (AID Geographic Code 935)."

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

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

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

(C) Impelling local political considerations precluded consideration of U.S. sources.

(D) The goods or services were not available from U.S. sources, or

(E) Procurement of locally available goods and services, as opposed to procurement of U.S. goods and services, would best promote the objectives of the Foreign Assistance program under the grant.

(2) When the total procurement element exceeds \$250,000, the following rule applies: Except as may be

specifically approved or directed in advance by the grant officer, all goods and services, which will be reimbursed under this grant and financed with United States dollars, shall be procured in and shipped from the United States (Code (XX)) and from any other countries within the authorized geographic code as specified in the Schedule of this grant.

(c) *Marine Insurance:* The eligibility of marine insurance is determined by the country in which it is placed. Insurance is placed in a country if payment of the insurance policy is issued by an insurance company located in that country. Eligible countries for placement are governed by the authorized geographic code, except that if Code 941 is authorized, the Cooperating Country is also eligible. Section 604(d) of the Foreign Assistance Act requires that if a recipient country discriminates by statute, decree, rule, or practice with respect to AID-financed procurement against any marine insurance company authorized to do business in the 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 marine insurance business in the United States.

(d) Ocean and air transportation shall be in accordance with the applicable provisions contained within this grant.

e. *Printed or Audio-Visual Teaching Materials:* If the effective use of printed or audio-visual teaching materials depends upon their being in the local language and if such materials are intended for technical assistance projects or activities financed by AID in whole or in part and if other funds including U.S.-owned or U.S.-controlled local currencies are not readily available to finance the procurement of such materials, local language versions may be procured from the following sources, in order of preference:

(1) Code (XX), United States.

(2) The Cooperating Country.

(3) Code 941, Selected Free World.

(4) Code 899, Free World.

(f) *Special Restriction on the Procurement of Construction or Engineering Services:* Section 604(g) of the Foreign Assistance Act provides that AID funds may not be used for "procurement of construction or engineering services from advanced developing countries, eligible under Geographic Code 941, which have attained a competitive capability in international markets for construction services or engineering services." In order to insure eligibility of a Code 941 contractor for construction or engineering services, the grantee shall obtain the grant officer's prior approval for any such contract.

19. SUBAGREEMENTS (NOVEMBER 1984)

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

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

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

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

because of circumstances beyond the control of the subrecipient.

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

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

20. LOCAL COST FINANCING WITH U.S. DOLLARS (NOVEMBER 1984)

(This Provision is applicable when local financing is authorized under the grant and must be used in conjunction with the provisions entitled "Procurement of Goods and Services" and "Ineligible and Restricted Goods and Services".)

(a) Local cost financing is the use of appropriated U.S. dollars to finance the procurement of goods and services paid for with local currency in the cooperating country for furtherance of grant purposes. 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 restrictions listed in the grant provisions entitled "Procurement of Goods and

Services" and "Ineligible and Restricted Goods and Services."

(c) 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 Chapter 5 of AID Handbook 1, Supplement B.

(d) Unless otherwise specifically authorized, the policies in Chapter 18 of AID Handbook 1, Supplement B are applicable to all local cost financing.

21. PUBLICATIONS (NOVEMBER 1984)

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

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

22. PATENT RIGHTS (NOVEMBER 1984)

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

(a) Definitions.

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

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

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

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

(5) "Small Business Firm" means a small business concern which meets the size standards for small business concerns involved in Government procurement and subcontracting at 13 CFR 121.3-8 and 13 CFR 121.3-12, respectively.

(6) "Nonprofit Organization" means a university or other institution of higher education or an organization which is not organized for profit as described in the laws of the country in which it was organized.

(b) Allocation of Principal Rights.

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

(c) Invention Disclosure, Election of Title and Filing of Patent Applications by Recipient.

(1) The recipient shall disclose each subject invention to AID within two months after the inventor discloses it in writing to recipient personnel responsible for patent matters. The disclosure to AID shall be in the form of a written report and shall identify the agreement under which the invention was made and the inventor(s). It shall be sufficiently complete in technical detail to convey a clear understanding, to the extent known at the time of the disclosure, of the nature, purpose, operation, and physical, chemical, biological or electrical characteristics of the invention. The disclosure shall also identify any

publication, on sale or public use of the invention and whether a manuscript describing the invention has been submitted for publication and if so, whether it has been accepted for publication at the time of disclosure. In addition, after disclosure to AID the recipient shall promptly notify AID of the acceptance of any manuscript describing the invention for publication or of any on sale or public use planned by the recipient.

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

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

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

(3) Conditions When the Government May Obtain Title.

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

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

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

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

(c) Minimum Rights to Recipient.

(1) The recipient shall retain a nonexclusive, royalty-free license throughout the world in each subject invention to which the Government obtains title except if the

recipient fails to disclose the subject invention within the times specified in c. above. The recipient's license extends to its subsidiaries and affiliates, if any, within the corporate structure of which the recipient is a party and includes the right to grant sublicenses of the same scope to the extent the recipient was legally obligated to do so at the time the agreement was awarded. The license is transferable only with the approval of AID except when transferred to the successor of that party of the recipient's business to which the invention pertains.

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

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

(f) Recipient Action to Protect the Government's Interest.

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

(2) The recipient agrees to require, by written agreement, its employees, other than clerical and nontechnical employees, to disclose promptly in writing to personnel identified as responsible for the administration of patent matters and in a format suggested by the recipient each subject invention made under agreement in order that the

recipient can comply with the disclosure provisions of paragraph e. above, and to execute all papers necessary to file patent applications on subject inventions and to establish the Government's rights in the subject inventions. This disclosure format should require, as a minimum, the information required by c. (1) above. The recipient shall instruct such employees through employee agreements or other suitable educational programs on the importance of reporting inventions in sufficient time to permit the filing of patent application prior to U.S. or foreign statutory bars.

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

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

(g) Subagreements and Contracts.

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

(h) Reporting Utilization of Subject Inventions.

The recipient agrees to submit on request periodic reports no more frequently than annually on the utilization of a subject invention or on efforts at obtaining such utilization that are being made by the recipient or its licensees or assignees. Such reports shall include information regarding the status of development, date of first commercial sale or use, gross royalties received by the recipient, and such other data and information as AID may reasonably specify. The recipient also agrees to provide additional reports as may be requested by AID in connection with any march-in proceedings undertaken by AID in accordance with paragraph j. of this provision. To the extent data or information supplied under this section is considered by the recipient, its licensee or assignee to be privileged and confidential and is so marked, AID agrees that, to the extent permitted by law, it shall not disclose such information to persons outside the Government.

(i) Preference for United States Industry.

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

(j) March-in Rights

The recipient agrees that with respect to any subject invention in which it has acquired title, AID has the right in accordance with the procedures in OMB Circular A-124 to require the recipient, an assignee or exclusive licensee of a subject invention to grant a non-exclusive, partially exclusive, or exclusive license in any field of use to a responsible applicant or applicants, upon terms that are reasonable under the circumstances, and if the recipient, assignee, or exclusive licensee refuses such a request, AID has the right to grant such a license itself if AID determines that:

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

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

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

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

(k) Special Provisions for Agreements with Nonprofit Organizations.

If the recipient is a nonprofit organization, it agrees that:

(1) Rights to a subject invention may not be assigned without the approval of AID, except where such assignment is made to an organization which has as one of its primary functions the management of inventions and which is not, itself, engaged in or does not hold a substantial interest in other organizations engaged in the manufacture or sale of products or the use of processes that might utilize the invention or be in competition with embodiments of the invention (provided that such assignee shall be subject to the same provisions as the recipient.

(2) The recipient may not grant exclusive licenses under the United States patents or patent applications in subject inventions to person other than small business firms for a period in excess of the earlier of:

(i) Five years from first commercial sale or use of the invention; or

(ii) Eight years from the date of the exclusive license excepting that time before regulatory agencies necessary to obtain premarket clearance, unless on a case-by-case basis, AID approves a longer exclusive license. If exclusive field of use licenses are granted, commercial sale or use in one field of use shall not be deemed commercial sale or use as to other fields of use and a first commercial sale or use with respect to a product of the invention shall not be deemed to end the exclusive period to different subsequent products covered by the invention.

(3) The recipient shall share royalties collected on a subject invention with the inventor; and

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

(l) Communications.

Communications concerning this provision shall be addressed to the grant officer at the address shown on the face of this agreement.

**23. REGULATIONS GOVERNING EMPLOYEES
(NOVEMBER 1984)**

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

(a) The grantee's employees shall maintain private status and may not rely on local U.S. Government offices or facilities for support while under this grant.

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

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

any business, profession or occupation in the foreign countries to which the individual is assigned.

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

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

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

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

24. PARTICIPANT TRAINING (NOVEMBER 1984)

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

(a) Definitions:

(1) Participant training is the training of any non-U.S. individual outside of his or her home country using AID funds or under AID sponsorship.

(2) A participant is any non-U.S. individual being trained under this grant outside of his or her home country.

(b) Application of Handbook 10:

Participant training under this grant is to be conducted according to the policies established in AID Handbook 10, *Participant Training*, except to the extent that specific exception to Handbook 10 have been provided in this grant with the concurrence of the Office of International Training. (Handbook 10 may be obtained by submitting a request to the grant officer.) The following provisions summarized from Handbook 10, however, may not be excluded from any grant.

(c) Participant Training Information System:

All grantees shall ensure that participants trained in the United States or in a third country are included in the Agency's Participant Training Information System.

For participants trained in the United States, data is submitted by means of the form AID 1381-4, "Participant Data Form", simultaneous with enrollment in the Health and Accident Coverage Program (see Section (f) below). For participants trained in third countries, grantees shall submit to the grant officer only the top white sheet of the Participant Data Form (and blue copies if subsequent changes in the participant's training program are made). Copies of the Participant Data Form may be obtained from the grant officer. The grant officer will submit the completed forms to the Office of International Training (S&T/IT), Washington, D.C. 20523.

(d) Visa Requirements For Training Within The United States

(1) Under the authority of Section 635(f) of the Foreign Assistance Act, AID-sponsored participants are admitted to the United States under the Department of State/USA Exchange Visitor Program and are issued J-1 visas. The program identification number is G-2-0263.

(2) J-1 visas are issued by the U.S. Embassy or consulate for AID-sponsored participants upon submission by the participant of form IAP-66A which may be obtained only from the AID Mission.

(3) Holders of J-1 visas are subject to the Immigration and Nationality Act, as amended, and may not apply for an immigrant or a nonimmigrant visa until 2 years' residency is completed in their home country, after completion of training.

(4) Participant passports and visas should normally be valid for six months beyond the duration of the proposed program to allow for program readjustments if necessary. This may not be regarded as an opportunity to encourage program extensions.

(e) Maintenance and Other Allowances:

Grantees must observe the maintenance and other allowances for AID-sponsored participants in the United States and third countries as set forth in Handbook 10. No exceptions or variations are permissible except with the advance concurrence of the Office of International Training.

(f) Health and Accident Coverage (HAC) Program For Training Within The United States

The grantee shall enroll all participants training in the United States in AID's HAC Program.

(1) The HAC Program enables the participant, or the provider of medical services, to submit bills for medical costs resulting from illness and accident to the HAC Claims Office which pays all reasonable and necessary medical charges for covered services not otherwise covered by other insurance programs (see paragraph 5 below), in accordance with the standard coverage established by AID under the HAC Program.

(2) The grantee shall, as early as possible and no later than the initiation of travel to the United States by each participant financed by AID under this grant, fill out form AID 1381-4 entitled "Participant Data Form" and mail it to the grant officer, who shall transmit it to the addressees indicated on the back of the form. The grantee can obtain a supply of these forms and instructions for completing them from the grant officer.

(3) Enrollment fees shall be submitted, thirty days prior to the beginning of each new enrollment period. The current enrollment fee amount shall be obtained from the grant officer. Payments will be made via check made payable to AID and submitted to:

Agency for International Development
Office of Financial Development
Central Accounting Division-Cashier
(FM/CAD)
Washington, D.C. 20523

(i) The enrollment fee shall be accompanied by a letter which lists the names of the enrollees (identical to that on the Participant Data Form) period of coverage, fee amount paid, grant number, and the U.S. Government appropriation number as shown on the grant cover letter.

(ii) The enrollment fees shall be calculated on the basis of fixed rates per participant per each 30 day period. The enrollment fees may not be prorated for fractional periods of less than 30 days and should cover the current training period for which funds are obligated under the grant.

(4) The grantee shall assure that enrollment begins immediately upon the participant's departure for the United States for the purpose of participating in a training program financed or sponsored by AID, and that enrollment continues in full force and effect until the participant returns to his or her country of origin or is released from AID's responsibility, whichever occurs first.

(5) The grantee shall provide each participant with a copy of the HAC brochure, copies of which are available from the grant officer.

(6) If the grantee has a *mandatory*, nonwaivable health and accident insurance program for participants, 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. However, 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 HAC Program. In addition, a copy of the mandatory insurance policy must be forwarded to the grant officer, who will forward it to the HAC Claims Office.

(7) Medical costs not covered by the grantee's health service program, or mandatory, nonwaivable health and accident insurance program, or AID's HAC Program shall not be reimbursable under this grant unless specific written approval from the grant officer has been obtained.

(g) Participant Counseling For Training Within The United States.

Problems involving participants such as serious physical or emotional illness, accident or injury, arrest, death, the voluntary or involuntary early termination of a program,

and the refusal of a participant to return to the home country upon completion of the program should be referred to the AID Participant Counselor at the Office of International Training.

The Counselor can be reached by calling the Office of International Training during workdays and the AID Duty Officer (202-632-1512) at other times. In referring cases, give the Counselor the name, country, and current location of the participant as well as a brief description of the problem with names and telephone numbers of hospitals, physicians, attorneys, etc. following verbal referral, the participant's name, home address, and next of kin, and location of training should be sent to the grant officer, who will transmit the information to the S&T/IT Counselor.

(h) Orientation:

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

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**25. NEGOTIATED OVERHEAD RATES—
PROVISIONAL (NOVEMBER 1984)**

(This provision is applicable to all recipients who have an established provisional overhead rate.)

(a) 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, provisional overhead payments shall be at the rate(s), on the base(s), and for the period(s) shown in the Schedule of this grant.

(b) The grantee, not later than 6 months after the close of each of its accounting periods during the term of this grant, shall submit to the grant officer a proposed final rate(s) for the period, together with supporting cost data. Negotiation of final overhead rate(s) by the grantee and the grant officer shall be undertaken as promptly as practicable after receipt of the grantee's proposal.

(c) The results of each negotiation shall be set forth in an amendment to the grant and shall specify (1) the agreed upon final rate(s), (2) the base(s) to which the rate(s) apply, and (3) the period for which the rates apply. The overhead rate amendment shall not change any monetary ceiling, grant obligation, or specific cost allowance or disallowance provided for in this grant.

(d) 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 an amendment to this grant.

(e) Any failure by the parties to agree on any final rate(s) under this provision shall be considered a dispute within the meaning of the standard provision of the grant, entitled "Disputes".

26. TITLE TO AND USE OF PROPERTY (GRANTEE TITLE) (NOVEMBER 1984)

(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, subagreement, contract, or subcontract.

(b) The grantee agrees to use and maintain the property for the purposes of the grant in accordance with the requirements of paragraph 1T of Chapter 1 of 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 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.