

CONTRACT/AGREEMENT DATA SHEET

B 15712

1. M/SER/AAM/A/SUP Action Monitor

2. Date PIO/T Received in M/SER/AAM/A/SUP

DRG

6 / 5 / 87

COMPLETE EACH BLOCK FOR BOTH NEW ASSISTANCE/ACQUISITION AND MODIFICATION ACTIONS

1. Contract/Agreement/Number

UTR-0286-~~A-00~~-7132-00

4. Contractor/Recipient Name

International Institute of Rural Reconstruction

5. Contractor Acronym

IIRR

6. Project Title

Matching Grant

7. Project Number

938-0286

8. Project Officer's Name

S. MacCarthy

9. Bureau or USAID Symbol

FVA/PVC

10. PIO/T Number

7381311

21. Budget Plan Code EDNA-87-13810-KG11

App. 72-1171021.3 All. 743-38-099-00-76-71

11. TYPE OF ACTION

New Acquisition/Assistance

A

B. Amendment/Modification

- 1. New/Revised Scope
- 2. Funded Extension
- 3. No Cost Extension
- 4. Transfer of action from AID/W to Mission/Mission to AID/W
- 5. Incremental Funding
- 6. Overhead Rate Adjustment
- 7. Contract Closeout
- 8. Other

22. Country or Region of Performance

Worldwide

23. A. This Action Increases or Decreases TEC by

\$ 0

B. Total Estimated Cost of Contractual Document

\$ 1,680,000

24. Amount of Non-Federal Funds Pledged to the Project

\$ 1,950,567

C.FPR or FAR

Handbook 13

12. Amount of this PIO/T

U.S. \$ 450,000⁰⁰

25. Effective Date of this Action

07 01 / 187

13. Amount Obligated Subobligated Deobligated by this Contract or Amendment

U.S. \$ 450,000

26. Estimated Completion/Expiration Date

06 31 / 190

14. Cumulative Obligation (Life of Contract)

U.S. \$ 450,000
U.S. \$ 4,680,000

27. Contractor DUNS Number

072812779

15. This Action Funded Through

06 31 / 188

28. Consultant Type Award

YES NO

16. Date Contractual Documents Signed by AID Official

08 / 18 / 87

29. Number of Person Months (PASA/RSSA only)

N/A

17. Incrementally Funded Contracts

YES NO

30. Number of Persons (PASA/RSSA only)

N/A

18. Host Country/Counterpart Institution (University Contracts)

N/A

31. CONTRACT TYPE

A. Fixed Price (specify: FFP

FPRD FPEPA FPI)

B. Cost Reimbursement

(specify: CR CPFF

CS CPAF CPIF)

C. IOC and Requirements Contracts

~~Cost~~/PASA/RSSA CA

E. Contracts with Individuals

D

19. Campus Coordinator (University Contracts)

N/A

ENTERED
FIM
SEP 02 1987

20. ADVANCE

No Advance

B. Advance Non-FRLC

C. Advance FRLC

COORS Section

A

32. Negotiator's Typed Name

R. ELYAN W. ADAMS

33. Negotiator's Signature

Wendy Adams

34. Date Signed

8, 18, 87

35. Contract/Grant Officer's Organization Symbol

W/MS

36. Contract/Grant Officer's Signature

Carolyn R. Eldridge

37. Date Signed

8, 18, 87

38. SUBJECT TO STATUTORY REQUIREMENT

E

- A. Walsh-Healey Act, Manufacturer*
- B. Walsh-Healey Act, Regular Dealer*
- C. Service Contract Act
(U.S. ONLY - Guards, Maintenance, Laborers)
- D. Davis-Bacon Act (Construction)
- E. Not subject to Walsh-Bacon Act
(Most AID Contracts)

*Equipment, Supplies, Materials, and Commodities

39. Country of Manufacture

US

40. CURRENCY INDICATOR

A

- U.S. Dollar
- B. Local Currency
- C. Combination
- D. Unfunded

41. SUBCONTRACTS

Is there a provision for a subcontract? (Contracts only)

YES NO

42. TYPE OF SERVICE

F

- A. Training of Participants
- B. Technical Assistance to Host Country
(Program, Project related except A&E Services)
- C. A&E Services
- D. Construction
- E. Research
- Technical Services to AID
(other than training; usually operating expense)
- G. Training Service for AID
- H. Equipment, Materials, Supplies, Commodities
- I. Translation Service

43. CONTRACT/AGREEMENT SOURCE

A

- U.S. Contractor/Grantee
- B. Non-U.S. Contractor/Grantee
- C. Combination of A & B

44. TYPE OF AMERICAN OWNERSHIP

(U.S. Persons or Firms Only)

A → M

Minority

- Asian/Pacific Islander
- B. Black American
- C. American Aleuts or Eskimos
- D. American Indian
- E. Hispanic

Non-Minority

45. METHOD OF SOLICITATION

E

- A. Sealed Bid
- B. Competitive Proposal
- C. Combination/Competition
- D. Other Competition
- E. Noncompetitive

46. LABOR SURPLUS AREA PREFERENCE

D

Labor Surplus Area

- A. No Preference
- B. Tie Bid Preference
- C. Total Set Aside
- D. Not a Labor Surplus Area Preference Award

47. TYPE OF BUSINESS

C

- A. Source: Non-U.S. and Used Outside U.S. & Possessions
- B. Source: Non-U.S. and Possessions
(Foreign Purchases Used Inside U.S.)
(If U.S. Source, complete C through Q)
- C. Firm - Profit Making & PSC's

Non-Profit Organizations

- D. Private Educational Organizations
- E. Hospitals
- F. Research Institutions, Foundations, and Laboratories
- G. Other

Private Voluntary Organizations

- H. U.S. Registered
- I. U.S. Non-Registered
- J. Foreign

State/Local Government

- K. Educational Institutions
- L. Hospitals
- M. Research Organizations
- N. Other

O. International Agricultural Research Organizations

- P. Public International Organizations
- Q. U.S. Cooperatives

48. Women Owned Business?

YES NO

49. TYPE OF AWARD

I

Small Business

- A. Not Set Aside
- B. Partial Set Aside
- C. Total Set Aside
- Other Than Small Business

- D. Personal Service Contract
- E. Individual Non-Personal Service Contract
- F. U.S. Government
- G. University
- H. Non-Profit Organizations and PVOs
- I. Large Businesses

50. Paying Office:

Payment will be made by

FM/PAFD

AID/W

2

AID 1390-1 (10-79)

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT IMPLEMENTATION ORDER/TECHNICAL SERVICES

1. Cooperating Country: Centrally Funded

2. PIOT No.: 7381311

3. Original or Amendment No.:

4. Project/Activity No. and Title: 938-0286 International Institute of Rural Reconstruction Matching Grant

Page 1 of 3 Pages

DISTRIBUTION

5. Appropriation Symbol: 72-1171021-3

6. Allotment Symbol and Charge: 743-38-099-00-76-71 EDNA87 13810 RG11

7. Obligation Status: Administrative Reservation Implementing Document

8. Project Assistance Completion Date (Mo., Day, Yr.):

9. Authorized Agent: A.I.D./W

10. This PIOT is in full conformance with PRO/AQ Date:

11a. Type of Action and Governing AID Handbook: AID Contract (HB 14) PABA/RSSA (HB 12) AID Grant (HB 13) Other

11b. Contract/Grant/PABA/RSSA Reference Number (if this is an Amendment):

12. Estimated Financing (A detailed budget in support of column (2) is attached as attachment no. _____)

Maximum AID Financing	A. Dollars	(1) Prev. Total	(2) Increase	(3) Decrease	(4) Total to Date
		0	450,000		
	B. U.S.-Owned Local Currency				

13. Mission Reference

14a. Instructions to Authorized Agent: SER/OP/W/MS is requested to execute a 3-year grant agreement with the International Institute of Rural Reconstruction (IIRR) effective from July 1, 1987 through June 30, 1990. Initial funding of \$450,000 is provided for expenditures during the first 12 months. Depending on availability of funds and progress in the program satisfactory to A.I.D., additional annual increments of funding will be provided, up to a total of \$1,680,000. PIOT Attachments: #1 Grant Program Budget, #2 Statement of Work, #3 Program Description, #4 Proposal Budget, #5 Guidance for Periodic and Final Reports, #6 PVO's Proposal with Revisions, #7 AA/PVA Authorization Memo, #8 PVC/IPB's "PVO Financial Profile" on IIRR dated 12/08/86.

Please clear grant document with PVC Project Officer before sending to PVO.

14b. Address of Voucher Paying Office: A.I.D./M/EM/PAFD, Washington, D.C. 20523

15. Clearances—Include typed name, office symbol, telephone number and date for all clearances.

A. The project officer certifies that the qualifications in the statement of work are technically adequate	Phone No.: 235-8420	B. The statement of work lies within the purview of the initiating and approved agency programs	Date
EVA-PVC, Shane McCarthy	Date: 5/16/87	EVA/PVC, Karen Poe K. Poe	5/21/87
C. _____	Date: _____	D. Funds for the services requested are available	
EVA/PVC, Lenora Watlington	Date: 5/21/87		
E. _____	Date: _____		
EVA/PEM, Kathy Kosar	Date: 5-26-87		

16. For the cooperating country: The terms and conditions set forth herein are hereby agreed to

Signature: _____ Date: _____

17. For the Agency for International Development

Signature: Louis C. Stenberg Date: 5/29/87

Title: Deputy Director, EVA/PEM

X/TM/PAFD
 POSTED 5/27/87
 FROM RECEIVED BY
 [Signature]

AID 1350-1 (10-79)	UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY AGENCY FOR INTERNATIONAL DEVELOPMENT	1. Cooperating Country Centrally Funded	Page 1 of 3 Pages
		2. PIO/T No. 7381311	3. <input checked="" type="checkbox"/> Original or Amendment No. _____
		4. Project/Activity No. and Title 938-0286 International Institute of Rural Reconstruction Matching Grant	
		5. Appropriation Symbol 72-1171021-3	

DISTRIBUTION	6. Allotment Symbol and Charge 743-38-099-00-76-71 EDNA87 13810 KG11
	7. Obligation Status <input checked="" type="checkbox"/> Administrative Reservation <input type="checkbox"/> Implementing Document
	8. Project Assistance Completion Date (Mo., Day, Yr.)
	9. Authorized Agent A.I.D./W

10. This PIO/T is in full conformance with PRO/AG Date _____					
11a. Type of Action and Governing AID Handbook <input type="checkbox"/> AID Contract (HB 14) <input type="checkbox"/> PASA/RSSA (HB 12) <input checked="" type="checkbox"/> AID Grant (HB 13) <input type="checkbox"/> Other	11b. Contract/Grant/PASA/RSSA Reference Number (if this is an Amendment)				
12. Estimated Financing (A detailed budget in support of column (2) is attached as attachment no. _____)					
Maximum AID Financing	A. Dollars	(1) Previous Total	(2) Increase	(3) Decrease	(4) Total to Date
	B. U.S. Owned Local Currency	0	450,000		450,000

13. Mission References

14a. Instructions to Authorized Agent
SER/OP/W/MS is requested to execute a 3-year grant agreement with the International Institute of Rural Reconstruction (IIRR) effective from July 1, 1987 through June 30, 1990. Initial funding of \$450,000 is provided for expenditures during the first 12 months. Depending on availability of funds and progress in the program satisfactory to A.I.D., additional annual increments of funding will be provided, up to a total of \$1,680,000. PIO/T Attachments: #1 Grant Program Budget, #2 Statement of Work, #3 Program Description, #4 Proposal Budget, #5 Guidance for Periodic and Final Reports, #6 PVO's Proposal with Revisions, #7 AA/FVA Authorization Memo, #8 PVC/IPS's "PVO Financial Profile" on IIRR dated 12/08/86.

Please clear grant document with PVC Project Officer before sending to PVO.

14b. Address of Voucher Paying Office
A.I.D./M/FM/PAFD, Washington, D.C. 20523

15. Clearances—Include typed name, office symbol, telephone number and date for all clearances.

A. The project officer certifies that the specifications in the statement of work are technically adequate	Phone No. 235-8420	B. The statement of work lies within the purview of the initiating and approved agency programs	Date
EVA-PVC, Shane MacCarthy	Date 21 May '87	FVA/PVC, Karen Poe K. Poe	5/21/87
C. _____	Date	D. Funds for the services requested are available	
FVA/PVC, Lenora Watlington	5/21/87		
E. _____	Date		
FVA/PPM, Kathy Kosar	5-26-87	M/FM/PAFD	

16. For the cooperating country: The terms and conditions set forth herein are hereby agreed to	17. For the Agency for International Development
Signature _____ Date _____	Signature <u>Louis C. Stenberg</u> Date <u>5/29/87</u>
Title _____	Title Deputy Director, FVA/PPM

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AID 1350.1
(10-79)

1. Cooperating Country
Centrally Funded

2. PIO/T No.

Page 2 of 3 Pages

PIO/T

4. Project/Activity No. and Title **938-0286**

International Institute of Rural Reconstruction Matching Grant

SCOPE OF WORK

18. THE SCOPE OF TECHNICAL SERVICES REQUIRED FOR THIS PROJECT ARE DESCRIBED IN ATTACHMENT NUMBER _____
HERETO ENTITLED "STATEMENT OF WORK".

19. SPECIAL PROVISIONS

- A. LANGUAGE REQUIREMENTS (SPECIFY) N/A
(IF MARKED, TESTING MUST BE ACCOMPLISHED BY AID TO ASSURE DESIRED LEVEL OF PROFICIENCY)
- B. ACCESS TO CLASSIFIED INFORMATION WILL WILL NOT BE REQUIRED BY TECHNICIAN(S).
- C. DUTY POST(S) AND DURATION OF TECHNICIANS' SERVICES AT POST(S) (MONTHS) N/A
- D. DEPENDENTS WILL WILL NOT BE PERMITTED TO ACCOMPANY TECHNICIAN. N/A
- E. WAIVER(S) HAVE BEEN APPROVED TO ALLOW THE PURCHASE OF THE FOLLOWING ITEM(S) (COPY OF APPROVED WAIVER IS ATTACHED)
- F. COOPERATING COUNTRY ACCEPTANCE OF THIS PROJECT (APPLICABLE TO AID/W PROJECTS ONLY)
 HAS BEEN OBTAINED HAS NOT BEEN OBTAINED
 IS NOT APPLICABLE TO SERVICES REQUIRED BY PIO/T
- G. OTHER (SPECIFY)

20. BACKGROUND INFORMATION (ADDITIONAL INFORMATION USEFUL TO AUTHORIZED AGENT)

Additional information on this Project is contained in the attached Action Memo to the AA/FVA dated 5/24/84 authorizing this program, and IIRR's proposal.

21. SUMMARY OF ATTACHMENTS ACCOMPANY THE PIO/T (INDICATE ATTACHMENT NUMBER IN BLANK)

- 1 DETAILED BUDGET IN SUPPORT OF INCREASED FUNDING (BLOCK 12)
- _____ EVALUATION CRITERIA FOR COMPETITIVE PROCUREMENT (BLOCK 14)
- _____ JUSTIFICATION FOR NON-COMPETITIVE PROCUREMENT (BLOCK 14)
- 2 STATEMENT OF WORK (BLOCK 18)
- _____ WAIVER(S) (BLOCK 19) (SPECIFY NUMBER)
- 3 DETAILED PROGRAM DESCRIPTION
- 4 PROPOSAL BUDGET
- 5 GUIDELINES FOR PERIODIC AND FINAL REPORTS
- 6 PVO GRANT PROPOSAL
- 7 AA/FVA AUTHORIZATION MEMO
- 8 PVC/IPS's "PVO" FINANCIAL PROFILE ON IIRR

AID 1350-1
(10 79)

1. Cooperating Country
Centrally Funded

2. PIO/T No.

Page 3 of 3 Pages

PIO/T

4. Project/Activity No. and Title 938-0286
International Institute of Rural Reconstruction Matching Grant

22. Relationship of Contractor or Participating Agency to Cooperating Country and to AID

A. Relationships and Responsibilities

See Attached Program Description

B. Cooperating Country Liaison Official

N/A

C. AID Liaison Officials

FVA/PVC, Project Officer Shane MacCarthy

LOGISTIC SUPPORT

23. Provisions for Logistic Support

A. Specific Items (Insert "X" in applicable column at right. If entry needs qualification, insert asterisk and explain below in C. "Comments")	IN KIND SUPPLIED BY		FROM LOCAL CURRENCY SUPPLIED BY		TO BE PROVIDED OR ARRANGED BY SUPPLIER
	AID	COOPERATING COUNTRY	AID	COOPERATING COUNTRY	
(1) Office Space					X
(2) Office Equipment					X
(3) Housing and Utilities					X
(4) Furniture					X
(5) Household Equipment (Stoves, Refrig., etc.)					X
(6) Transportation in Cooperating Country					X
(7) Transportation To and From Country					X
(8) Interpreter Services/Secretarial					X
(9) Medical Facilities					X
(10) Vehicles (official)					X
(11) Travel Arrangements/Tickets					X
(OTHER SPECIFY)					X
(12)					
(13)					
(14)					
(15)					

B. Additional Facilities Available From Other Sources

APO/FPO

PX

COMMISSARY

OTHER (Specify, e.g., duty free entry, tax exemption)

N/A

6

INTERNATIONAL INSTITUTE OF RURAL RECONSTRUCTION

SUMMARY OF DETAILED PROJECT BUDGET IN PROPOSAL

<u>Cost Element</u>	<u>Obligated Amount From 7/1/87 to 6/30/88</u>	<u>Estimated Additional From 7/1/88 to 6/30/90</u>	<u>Total Project Estimate From 7/1/87 to 6/30/90</u>
1. International Training	\$ 154,060	\$ 418,524	\$ 572,584
2. International Extension	204,220	536,894	741,114
3. Evaluation Contract	<u> </u>	<u>30,000</u>	<u>30,000</u>
4. Total Direct	358,280	985,418	1,343,698
5. Indirect Costs	<u>91,720</u>	<u>244,582</u>	<u>336,302</u>
A.I.D. SHARE	\$ 450,000	\$1,230,000	\$1,680,000
GRANTEE SHARE	<u>621,300</u>	<u>1,299,187</u>	<u>1,920,487</u>
TOTAL PROJECT	<u>\$1,071,300</u>	<u>\$2,529,187</u>	<u>\$3,600,487</u>

Notes to Accompany Financial and Budget Pages

NOTE (1).

In the budgets proposed to A.I.D./PVC in the October 1986 proposal, the annual A.I.D. MG levels differed from those currently under discussion (\$450,000; \$600,000; \$600,000). Consequently, the line items in each annual budget have had to be revised.

NOTE (2).

In the budgets proposed to A.I.D./PVC in the October 1986 proposal, under the line item "International Extension," there was a sub-line "Financial Assistance to Affiliates" (\$65,000; \$75,000; \$80,000) which was expected to be utilized in the form of sub-grants to IIRR's National Movements and Alumni Associations.

At its December 1986 Annual Meeting, the IIRR Board of Trustees approved adoption of a number of new program policies, including:

"The broadening of IIRR's clientele base provides many opportunities and ways to further the Institute's outreach objectives. These opportunities should be actively pursued with a corresponding de-emphasis of our grant relationship with NRRMs; in lieu of grants, it is expected that an increase in other services including technical assistance, fund raising and joint ventures, will occur."

Accordingly, and with the knowledge and concurrence of A.I.D./PVC, IIRR has "absorbed" these subgrant amounts into other appropriate technical assistance, services, personnel and training items. The total annual grant amounts are not affected.

NOTE (3).

IIRR has no Procurement costs included in its MG budget.

NOTE (4).

Please include the following in the Grant Agreement:

"The International Institute of Rural Reconstruction has agreed to cost share this agreement by the end of the life-of-program (LOP) period by at least a 1 to 1 cash match with A.I.D. under this agreement. Only exception to the above is the Evaluation Contract amount of \$30,000 which is A.I.D.-initiated and does not require any Grantee match."

4

A. PURPOSE: The purpose of this Matching Grant is to provide support for the International Institute of Rural Reconstruction to increase the scope and impact of the training and outreach capability of IIRR, its network of affiliated National Rural Reconstruction Movements (MRRMs), its network of RR Alumni, specifically through the development and transfer of technology for rural development. The above is more specifically described in Attachment 3 "Program Description," and IIRR's proposal (Attachment 6) dated October 1986, which is incorporated in the Grant Agreement. In the event of an inconsistency, the Program Description shall take precedence over IIRR's proposal.

B. REPORTING AND EVALUATION: Ten copies of the Annual Report plus one copy for the A.I.D. Mission in each target country in the program will be submitted to the A.I.D./FVA/PVC Project Officer 60 days prior to each anniversary date of the grant. Annual reports will describe project activities and IIRR's financial contribution to the project. Guidance for Periodic and Final Reports to FVA/PVC on Grant Accomplishments is provided as Attachment 5 for illustrative purposes. (A.I.D./FVA/PVC is in the process of submitting this guidance format to OMB for their clearance. Once OMB clearance is given the suggested format will be required).

The Annual Report will also include a country data sheet for each subproject activity and will be furnished in the standard format prescribed by FVA/PVC for its grant information system (A.I.D. FORM 1550-11 included in Attachment 5). Other current A.I.D. grants to IIRR, such as OPGs, will be noted in the report with an explanation of any relationship of such grants to this grant supported program.

C. EVALUATION: Self-evaluation will be conducted by IIRR in accordance with its normal evaluation program as described in its October 1986 grant proposal (Attachment 6). In addition, from time-to-time A.I.D. officers, with prior notification to the PVO's headquarters will visit selected project sites. The Grant Program Budget includes funds to contract for a project evaluation in the final year of the grant. Special requirements for this project evaluation are delineated under No. 2. of Section D, "Substantial Involvement" below.

D. SUBSTANTIAL INVOLVEMENT:

1. Countries: The following countries are approved for direct in-country program support under the agreement: The Philippines (Headquarters), Guatemala and Thailand. Other Countries may be approved during the period of the grant. Such approval will be communicated by A.I.D. in writing after consultation with the relevant A.I.D. Mission.
2. The scope of work for the project evaluation contract must be developed with, and the evaluator(s) chosen to carry out this activity must be approved in advance by, the A.I.D./FVA/PVC Project Officer. The A.I.D./FVA/PVC Project Officer is to participate in the pre and post-evaluation briefings and to receive six (6) copies of the completed evaluation report for FVA/PVC and one copy for each country evaluated.

E. AUTHORIZED GEOGRAPHIC CODES FOR PROCUREMENT:

1. Procurement under this project will follow the general order of precedence as necessary to effectively implement the project. No procurement in Code 935 or of restricted commodities is anticipated under this project.
2. Should any unanticipated Code 935 and/or restricted procurement become necessary, the Grantee should use its own private share of the grant match for its purpose. Written verification, when this is the Grantee's intention, is to be sent to the A.I.D./FVA/PVC Project Officer for concurrence and forwarding to the Grant Officer.

F. TRAVEL:

The Standard Provision requiring advance notification of the Grantee's travel intentions overseas is waived for all Matching Grants by the Action Memo cleared by the AA's of all A.I.D. bureaus and signed by the Administrator of A.I.D. on August 20, 1979. Copy of this memo is on file in SER/OP/W/MS and FVA/PVC.

PROGRAM DESCRIPTION

- I. Program Goal:
The goal of the proposed grant is to provide increased development management capability to indigenous institutions.
- II. Program Purpose:
The purpose of the proposed grant is to increase the scope and impact of the training and outreach capability of IIRR, its network of affiliated National Rural Reconstruction Movement (NRRMs), its network of RR Alumni, specifically through the development and transfer of technology for rural development.
- III. Principal Activities:
To accomplish the goal and purpose, IIRR has agreed to achieve the following outputs in key program areas.
 - A. Increased number of international training courses aimed at meeting the particular needs of Third World development agencies.
 - B. A strengthened, internationalized, culturally adaptable training curriculum which draws on the actual rural reconstruction experiences of IIRR, NRRMs and the training alumni around the world, and which meets the specific needs of Third World participants and institutions.
 - C. Increased on-site regional, national or topical trainings in collaboration with NRRMs and the training alumni around the world, and which meets the specific needs of Third World participants and institutions.
 - D. Closer linkages with development agencies and the international RR network through publications and conferences.
 - E. Increased number of training course participants from Third World organizations and countries, especially Africa, via new recruitment strategies.
 - F. Systematization of development of new training modules and resource materials to improve impact of NRRM and Alumni training programs in their regions.
- IV. Program Management:
Robert F. O'Brien, Vice President (United States) for IIRR will be principally responsible for the overall management and implementation of

the Matching Grant Program. Program authority rests with the Directors of its principal operating units: International Training, Field Operations, Operational Research, Extension/Outreach, Appropriate Technology Unit and Communications Divisions. The directors of these divisions are responsible to the Vice President for Philippine Operations, who is responsible for day-to-day supervision of program operations; IIRR's Vice President for U.S. Operations is responsible for liaison and coordination with A.I.D./Washington. A carefully-devised committee structure ensures bi-monthly coordinating between its operating units located on its Silang campus and its pool of Four-Fold Specialists (in health, education, livelihood and self-government) and the staff of the Institutes' Communications Division.

V. Proposed Evaluation Plan:

A "Conceptual Framework for Rural Reconstruction" has been designed to assist IIRR staff in systematizing and coordinating the Institute's broadly-based system of continual evaluation. This set of guiding principles helps to outline the expected achievements and implementation procedures of each program or project. An additional set of Operational Research Questions, formulated on the basis of the Conceptual Framework, guides IIRR's staff in establishing specific program and/or project objectives and the development of implementation plans.

Nevertheless, PVC has expressed concern's about the rigorousness of IIRR's commitment to evaluation activity. See Tab 9, Sections 2 and 6. As noted in this Action Memorandum, the present proposal contains no benchmarks or indicators for evaluation during the LOP of MGIII. Hence, one of the requirements for PVC's enhanced support of IIRR is that there be an agreement between IIRR and PVC on a SOW for an external evaluation to be conducted in FY 1989. It is anticipated that this SOW will be incorporated into IIRR's first report to PVC, due six months from the date of the grant agreement

INTERNATIONAL INSTITUTE OF RURAL RECONSTRUCTION

MATCHING GRANT PROGRAM
FOR INTERNATIONAL TECHNOLOGY TRANSFER
IN RURAL RECONSTRUCTION

FUNCTIONAL BUDGET - SUMMARY

<u>PART I:</u>	<u>TOTAL PROGRAM</u>	<u>OF WHICH A.I.D.MG</u>
<u>FUNCTION:</u>		
<u>Direct Program Costs:</u>		
International Training:		
Staff personnel costs	\$ 892,844	\$ 272,606
Travel	146,513	43,960
Training Costs	307,855	173,750
Other Direct Costs	<u>295,324</u>	<u>82,268</u>
Total International Training	<u>1,642,536</u>	<u>572,584</u>
International Extension:		
Staff personnel costs	601,171	313,259
Travel	202,046	150,452
Fellowships	138,860	138,860
Financial Assistance to Affiliates	90,000	60,000
Other Direct Costs	<u>198,136</u>	<u>108,543</u>
Total International Extension	<u>1,230,213</u>	<u>771,114</u>
<u>Indirect Costs</u>	<u>727,738</u>	<u>336,302</u>
TOTAL MG PROGRAM	<u>\$3,600,487</u>	<u>\$1,680,000</u>

PART II:

SOURCE OF FUNDS

A.I.D. Matching Grant	\$1,680,000
Private Cash*	<u>1,920,487</u>
TOTAL REVENUE MG PROGRAM	<u>\$3,600,487</u>

*Private cash includes private contributions, grants from foundations and corporations, income earned on investments and fees for services.

INTERNATIONAL INSTITUTE OF RURAL RECONSTRUCTION

MATCHING GRANT PROGRAM
FOR INTERNATIONAL TECHNOLOGY TRANSFER
IN RURAL RECONSTRUCTION

FUNCTIONAL BUDGET - YEAR 1

<u>PART I:</u>	<u>TOTAL PROGRAM</u>	<u>OF WHICH A.I.D.MG</u>
<u>FUNCTION:</u>		
<u>Direct Program Costs:</u>		
International Training:		
Staff personnel costs	\$ 282,960	\$ 81,500
Travel	50,160	15,860
Training Costs	78,870	33,750
Other Direct Costs	<u>86,810</u>	<u>22,950</u>
Total International Training	<u>498,800</u>	<u>154,060</u>
International Extension:		
Staff personnel costs	186,846	89,656
Travel	64,374	47,044
Fellowships	45,530	45,530
Financial Assistance to Affiliates	10,000	-
Other Direct Costs	<u>47,400</u>	<u>21,990</u>
Total International Extension	<u>354,150</u>	<u>204,220</u>
<u>Indirect Costs</u>	<u>218,350</u>	<u>91,720</u>
TOTAL MG PROGRAM	<u>\$1,071,300</u>	<u>\$ 450,000</u>

PART II:

SOURCE OF FUNDS

A.I.D. Matching Grant	\$ 450,000
Private Cash*	<u>621,300</u>
TOTAL REVENUE MG PROGRAM	<u>\$1,071,300</u>

*Private cash includes private contributions, grants from foundations and corporations, income earned on investments and fees for services.

INTERNATIONAL INSTITUTE OF RURAL RECONSTRUCTION

MATCHING GRANT PROGRAM
FOR INTERNATIONAL TECHNOLOGY TRANSFER
IN RURAL RECONSTRUCTION

FUNCTIONAL BUDGET - YEAR 2

<u>PART I:</u>	<u>TOTAL PROGRAM</u>	<u>OF WHICH A.I.D.MG</u>
<u>FUNCTION:</u>		
<u>Direct Program Costs:</u>		
International Training:		
Staff personnel costs	\$ 297,504	\$ 95,553
Travel	47,003	14,050
Training Costs	111,700	70,000
Other Direct Costs	<u>101,714</u>	<u>29,659</u>
Total International Training	<u>557,921</u>	<u>209,262</u>
International Extension:		
Staff personnel costs	202,110	106,749
Travel	72,007	54,875
Fellowships	45,530	45,530
Financial Assistance to Affiliates	40,000	30,000
Other Direct Costs	<u>58,896</u>	<u>31,293</u>
Total International Extension	<u>418,543</u>	<u>268,447</u>
<u>Indirect Costs</u>	<u>249,973</u>	<u>122,291</u>
TOTAL MG PROGRAM	<u>\$1,226,437</u>	<u>\$ 600,000</u>

PART II:

SOURCE OF FUNDS

A.I.D. Matching Grant	\$ 600,000
Private Cash*	<u>626,437</u>
TOTAL REVENUE MG PROGRAM	<u>\$1,226,437</u>

*Private cash includes private contributions, grants from foundations and corporations, income earned on investments and fees for services.

INTERNATIONAL INSTITUTE OF RURAL RECONSTRUCTION

MATCHING GRANT PROGRAM
FOR INTERNATIONAL TECHNOLOGY TRANSFER
IN RURAL RECONSTRUCTION

FUNCTIONAL BUDGET - YEAR 3.

<u>PART I:</u>	<u>TOTAL PROGRAM</u>	<u>OF WHICH A.I.D.MG</u>
<u>FUNCTION:</u>		
<u>Direct Program Costs:</u>		
International Training:		
Staff personnel costs	\$ 312,380	\$ 95,553
Travel	49,350	14,050
Training Costs	117,285	70,000
Other Direct Costs	<u>106,800</u>	<u>29,659</u>
Total International Training	<u>585,815</u>	<u>209,262</u>
International Extension:		
Staff personnel costs	212,215	116,854
Travel	65,665	48,533
Fellowships	47,800	47,800
Financial Assistance to Affiliates	40,000	30,000
Other Direct Costs	<u>91,840</u>	<u>\$ 85,260</u>
Total International Extension	<u>457,520</u>	<u>298,447</u>
<u>Indirect Costs</u>	<u>259,415</u>	<u>122,291</u>
TOTAL MG PROGRAM	<u>\$1,302,750</u>	<u>\$ 630,000</u>

PART II:

SOURCE OF FUNDS

A.I.D. Matching Grant	\$ 630,000
Private Cash*	<u>672,750</u>
TOTAL REVENUE MG PROGRAM	<u>\$1,302,750</u>

*Private cash includes private contributions, grants from foundations and corporations, income earned on investments and fees for services.

October, 1986

INTERNATIONAL TECHNOLOGY DEVELOPMENT AND
TRANSFER IN RURAL RECONSTRUCTION

A Proposal

For A Three-Year Matching Grant

Submitted To

The Agency for International Development
Washington, D.C.

By

International Institute of Rural Reconstruction
Silang, Cavite, The Philippines

U.S. Office: 1775 Broadway
New York, New York 10019

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PART I. SUMMARY/ABSTRACT

Since 1960, the International Institute of Rural Reconstruction, with its global headquarters in The Philippines, its affiliates in Asia, Africa and Latin America, and its U.S. Office in New York City, has developed and implemented rural development programs in accordance with its well-known Integrated, Four-Fold, Participative approach in health, education, livelihood and self-government. Through its continuing programs in the rural areas and its field operational research, a vast fund of experience, case studies and training materials has been developed. This has enabled IIRR to offer increasingly valuable and sophisticated programs of training and varying forms of assistance not only to a constantly expanding number of training participants and training program alumni, but also to its affiliated National Rural Reconstruction Movements (NRRMs) which now span the globe.

In the last decade, The Agency for International Development has been a major supporter and partner in IIRR's efforts to broaden and further the scope and impact of its efforts in and for the Third World. In the past three years, AID's support has been critically important for IIRR's Outreach Program development.

In this proposal, IIRR is requesting a 3-year Matching Grant from AID/PVC to continue the growth and development of its international outreach programs, both by consolidation of the more successful and more promising initiatives of the past three years, and, more importantly and especially, by implementation of several "new initiatives", introduced and tested during these past three years. Specifically, IIRR seeks AID/PVC support for a range of "new initiatives" which will be introduced into the programs of the International Training Division, the International Extension Division, the Communications Division and the Research Division. (The major IIRR "Field Operations Division" is not included here in view of AID/PVC's counsel and IIRR's concurrence that the field project operations in The Philippines can best be supported via grants from the USAID-Philippine Mission at this time. IIRR has been discussing such support with USAID/Manila since August, 1986.)

These "New Initiatives" cover a broad range of IIRR operations. However, special attention is given to:

- the Appropriate Technology Unit's new and substantial programs and projects,

- the role of the IIRR "Alumni" and their potential for effecting Rural Reconstruction via organization, networking and program involvement,
- the potential new thrusts in the International Training Institute's programs, and
- the enhanced roles of the NRRMs.

Pursuant to the receipt of AID/PVC's formal response to IIRR's 1986 "Concept Paper" and subsequent discussions of this communication both in New York and in The Philippines, IIRR has accepted the limitations and the counsel presented in that response. The reflection and discussion processes which followed receipt of this AID/PVC response resulted in the conclusion that this current IIRR proposal to AID/PVC could best be identified and characterized by the title "International Technology Development and Transfer in Rural Reconstruction." The planning of this proposal has resulted in the IIRR conviction that this title is more than a characterization; it is a new description of the actual processes which constitute IIRR's operations, with an emphasis on technology as well as process.

IIRR's Technology Development and Transfer for Rural Reconstruction program will be concentrated, in the first instance, in the six countries in which IIRR has affiliates (five of which are AID "Priority" countries; (Colombia being the exception), but is intended to reach many of the 46 countries in which IIRR has alumni.

AID's Matching Grant of \$600,000 per year to be "matched" by IIRR is being requested specifically to support two closely related program components of coequal importance and indispensable nature:

1. Generating new knowledge and lessons in the realm of 'appropriate technology', and
2. Transferring (Dissemination and Application) of these 'technologies' for use in the lives and circumstances of the rural poor of the Third World.

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PART II. FUNDING RATIONALE

IIRR's proposed 1987-1989 full scope of work addresses and is congruent with the "four pillars" of AID's PVC program emphases, namely: Policy Reform, Technology Transfer, Institution Building and Utilization of the Private Sector. PVC support, however, is being requested and is required for support of only that portion of IIRR's proposed 1987-89 activities that principally deals with Technology Transfer and Development. This focus has been largely dictated by:

1. The PVC Review Committee's "firm and unanimous" recommendations in response to IIRR's FY 1987 Matching Grant Proposal Concept Paper stating that IIRR should not include activities that would be implemented by the Philippine Rural Reconstruction Movement;
2. The Review Committee's further suggestion that, because of IIRR's long funding history with AID/PVC, it would be more appropriate to seek support for IIRR's field operations in the Philippines through either the Mission or the Asia Bureau.
3. Consultation with USAID Philippine Mission staff regarding support for IIRR Field Operations in the Philippines, and for four major cooperative development projects proposed to be undertaken by IIRR in conjunction with the new Philippine Government's Ministries of Health, Agriculture, Local Government, and Social Services and Development.

Consequently, significant activities proposed in IIRR's initial concept paper in the areas of Policy Reform, and Institution Building have been redirected for consideration before the USAID Philippine Mission.

AID/PVC support therefore is being requested and required to support only necessary core program and financial needs that enable IIRR to generate the know-how (content and technique) and manage the international transfer (training and extension) of the existing and new rural development technologies it is constantly inventing and refining. IIRR uses a combination of training and extension (outreach) activities with which AID is already familiar to facilitate technology transfer. These training and extension methods also constantly undergo invention and change in order to ensure that the most relevant, new and innovative technologies and lessons of rural development get communicated and applied in the most practical, cost effective ways.

AID support in 1984-86 enabled IIRR to increase its capacity to share its knowledge of "people centered," "participatory" and "integrated development" process strategies internationally. AID support for 1987-89 is being requested to:

1. Generate and disseminate new appropriate technologies;
2. Integrate the development and transfer of these technologies with all aspects of its field operations, research, training and extension work;
3. Experiment with comparative, cross cultural applications of new appropriate technologies so as to generate greater utility and innovation.
4. Develop new dissemination strategies and mechanisms through the utilization of and networking of IIRR Alumni.

IIRR considers the use of central AID matching grant funds to be appropriate for these purposes for four reasons:

1. AID support of these activities will directly strengthen and support field programs of IIRR and other PVO's;
2. AID support will focus on the transfer of appropriate technologies that have direct application to development problems (such as hunger, illiteracy, health, population, under- and unemployment) in a variety of new technical areas for the Institute (such as communication, family food production, regenerative agriculture, micro-enterprise, low cost rice production) which will increase its own and AID's effectiveness in meeting development objectives;
3. Central matching funds will better enable IIRR to leverage other alternative sources of private funding through its new emphasis on the transfer of readily identifiable and tangible technologies. More successful leverage (fund raising) will thereby increase the use of private resources for development assistance on a dollar for dollar basis -- a concern of both the Institute and AID.

4. Finally, 1985-86 support for IIRR was provided through a combination of sources including AID (45%), USAID missions (2%), U.S. private CONTRIBUTIONS (28%), European private sources (17%), Fees, endowment and other income (8%). Central AID matching funds continue to be instrumental in IIRR's efforts to further diversify its funding base and reduce its dependence on AID. It is the hope and intent of IIRR to reduce the level of reliance on AID as early as possible.

PART III. BACKGROUND

The International Institute of Rural Reconstruction is the direct outgrowth of the work of Dr. Y. C. James Yen, which began in China in the early 1920's.

Founder of the private Chinese Mass Education Movement in 1923, Yen pioneered the education and development of peasant people via new, interlocking ways of tackling the basic, age-old problems of illiteracy, disease, poverty and civic inertia, which are still prevalent today in rural communities of developing countries.

Beginning in 1926, in Ding Xian, a North China District of 472 villages and some 400,000 people, Dr. Yen and dozens of social scientists and scholars moved their families from Beijing into the villages of Ding Xian to live and work with rural poor people to study their problems and find solutions. The villages of Ding Xian served as the first "social laboratory" within which Dr. Yen and his early colleagues experimented with and developed "people-centered" rural development methods. To go to and live among the people and learn from the people was, in its time, a revolutionary idea, decades ahead of its time. In practice since 1926, these were essentially the key 1986 development concepts of "partnership" and "participation."

By 1936, more than 600 "rural reconstruction centers", modeled after the Ding Xian experiment, had been started in all parts of China. In 1948 Dr. Yen was instrumental in the establishment of the Chinese-American Joint Commission on Rural Reconstruction, a government program to implement his four-fold, integrated strategy on a national scale. The JCRR continued successfully in Taiwan after 1950, and was considered by the U.S. Congress as one of the United States' most successful efforts in Foreign Aid.

Convinced that the philosophy and techniques developed in China would work in other countries, Dr. Yen accepted an invitation from prominent civic leaders in the Philippines to establish a Philippine Rural Reconstruction Movement (PRRM). The success of this program contributed significantly to an easement of the "HUK Rebellion", and eventually to the creation of a national community development program under President Ramon Magsaysay's administration. Finally, during the early 1960s, growing world-wide requests from other developing countries for instruction and training in Dr. Yen's methods led to the establishment of IIRR and of Rural Reconstruction Movements in other countries in Asia, Africa and Latin America.

Today IIRR is a global center of activities in project management, training, research and extension. The Institute's mission and general purpose is to generate and disseminate knowledge among rural people in the developing world, to enable them to release their own potentials and capabilities in order to improve their lives. It operates on an annual budget of approximately 2 million dollars.

As in the 1920s the Institute's basic rural development approach is characterized by the application of three time-honored and tested concepts/principles:

1) A Fourfold Integrated Rural Reconstruction Program Design. IIRR's operation aims to combat the four major problems of peasant people: poverty, disease, ignorance and civic inertia. The design recognizes that these are interlocking problems, and that the successful solution of one depends upon the successful solution of the others. The design therefore integrates the fourfold components of: livelihood, education, health and self-government.

2) The Social Laboratory. This is both an educational tool and a testing ground for rural reconstruction theories and designs. Physically, it is a designated area of village communities where the Institute's programs and ideas are demonstrated, studied and evaluated. Workers and specialists are trained not only in the Institute's classrooms, but in the social laboratory where they learn by observation and actual participation.

3) A profound, practical and philosophical belief in the powerful potential of the rural people to better themselves.

IIRR implements its mission by employing three strategies:

- 1) LEADERSHIP DEVELOPMENT
- 2) TECHNOLOGY TRANSFER
- 3) ORGANIZATIONAL DEVELOPMENT

Within IIRR's organizational structure, these strategies are operationally achieved through the activities of three major program divisions:

- 1) FIELD OPERATIONS AND RESEARCH
- 2) INTERNATIONAL LEADERSHIP TRAINING
- 3) INTERNATIONAL EXTENSION

The first program is designed to accomplish IIRR's mission of GENERATING KNOWLEDGE IN RURAL RECONSTRUCTION; the second and third programs are designed to accomplish IIRR's mission of SHARING THAT KNOWLEDGE WITH OTHER RURAL DEVELOPMENT ORGANIZATIONS AND PRACTITIONERS

THROUGHOUT THE WORLD. The three program divisions are organizationally and operationally interconnected and mutually synergistic. The breadth and scope of the operations of these divisions encompass a substantive store of field experiences in responding to the needs of rural communities as well as regular and special training to village leaders and to various levels of rural development practitioners in 46 countries. IIRR divisions also promote the organization and growth of six National Rural Reconstruction Movements (NRRMs), in Asia, Africa and Latin America, and of regional and national networks of training alumni committed to promoting rural reconstruction in their countries. They have generated an impressive library of research papers, articles and books. Most importantly, they have impacted on the lives of rural people and rural communities.

These three closely inter-related programs will continue to constitute the "core" of IIRR's approach and programs.

In the course of and with the support of the proposed Matching Grant, IIRR will strengthen its capability in the key, priority sector of technology transfer for rural reconstruction. In so doing it will increase its proven capacity to develop and disseminate innovative approaches to the wide range of rural development problems. In so doing it will fully utilize its experience and its expertise in the important operations of International Training, building indigenous and local institutions' capabilities and self-reliance, implementing projects for the rural poor in such technical areas as Bio-intensive Gardening, microenterprise development (especially non-land-basis technologies), agro-forestry, regenerative energy sources, rural community services (such as health, credit, legal), et al.

For IIRR this new focus offers great potential for enhancing its multidimensional effort to generate and share knowledge in rural reconstruction.

PART IV. IIRR CAPABILITY

The proposed program is based on more than 60 years of practical development experience. The adoption and adaptation of IIRR's various programs and operating procedures by many rural development agencies in 46 Third World countries -- e.g., its widely-replicated People's School Approach -- is eloquent testimony to its ability to formulate, develop, carry out, and field test innovative and relevant integrated strategies in rural development. These strategies are now successfully being used by IIRR's affiliated movements, its training alumni, and PVOs who have learned of these programs at international symposia, visits to the IIRR, and staff members' participation in IIRR's regular IT programs. IIRR's previous program experience and staff capability to effectively carry out the proposed 1987-89 International Technology Transfer in Rural Reconstruction Program is evidenced by at least eight factors:

- 1) Expertise in Appropriate Technology
- 2) Participant Ratings and Demand for IIRR's Training Program
- 3) PVO and Other Collaborating Agency Endorsements
- 4) Hallmark Publications
- 5) National Rural Reconstruction Movements' Longevity and Perseverance
- 6) IIRR Human Resources
- 7) Findings of Independent Evaluations
- 8) Diversified Multinational, National, and U.S. Support and Confidence in IIRR

1. Expertise in Appropriate Technology

IIRR's new Appropriate Technology Unit has already proven its effectiveness in testing, refining and adapting new technologies for use at the village level. Bio-intensive gardening techniques developed in IIRR's social laboratory in Cavite province are now being applied in a major collaborative project with UNICEF to combat malnutrition for 50,000 families on the island of Negros. Preliminary assessments of this program, which began in May 1986, have been highly favorable. UNICEF is already planning to hold a field workshop in Negros for its staff from Kampuchea, Laos and Vietnam. According to Mr. Claudio Sepulveda--Alvarez, UNICEF's senior regional planning officer, "the Philippine experience is a valuable base for disseminating the concept of Family Food Production."

2. Participant Ratings and Demand for IIRR's Training Program

During the period of the current matching grant, IIRR has carried out effective training in Kenya, Indonesia and Sri Lanka on behalf of or in collaboration with independent development agencies and consortiums. Future training programs have been planned in each of these countries at the request of the local groups. The impact of these training sessions is illustrated by a recent letter from Sarvodaya Shramadana, the Sri Lanka development organization, for which IIRR conducted a training program in June-July, 1986. Each of the 35 senior staff members and trainers participating in the course drew up "reentry plans" detailing how they would apply what they had learned. "It is heartening to note the enthusiasm and commitment of our trainers in implementing their reentry plans," wrote Mr. Cyril Fernando, Sarvodaya's Director of Development Education. "The quality of our training programs has been considerably upgraded."

The expansion of IIRR's oncampus training program to provide greater scope and depth, is also built on a foundation of solid achievement. Alumni from all over the world have written about the value of the training for their own programs.

3. PVO and Other Collaborating Agency Endorsements

Groups, like U.S. Peace Corps, which have attended specialized courses have also endorsed IIRR. J. Lin Compton, Associate Professor of Extension Education, International Agriculture and Asian Studies at Cornell University wrote about a special module which IIRR offered to participants in a Cornell seminar on Farming Systems Research Extension in June 1986: "The participants exposure to the concepts and principles of rural reconstruction should influence their work for a long time to come. Their specific task of effectively facilitating farming systems research and development programs is now more realizable. But perhaps the most significant influence on the participants was done by example, the example of dedicated professionalism of the IIRR staff. It was truly inspiring."

4. Hallmark Publications

IIRR's capacity to carry out innovative and qualitative research is evidenced by a long list of research papers, books and articles produced by the Institute. The most noteworthy recent study is a book published by Kumarian Press, entitled Go to the People: Releasing the Rural Poor through the People's School System. This book, which is based in part on studies prepared by IIRR's Research Division, analyzes IIRR's people's school approach in the context of IIRR'S overall philosophy and methodology.

5. National Rural Reconstruction Movements' Longevity and Perseverance

The expansion of IIRR's network of affiliated national rural reconstruction movements and alumni networks enhances the capacity of IIRR to carry out the proposed grant in a manner certain to enlarge its international impact. Despite the political and economic dislocations which NRRMs often face in their countries, their continued ability to undertake innovative projects in rural reconstruction attests not only to the tenacity and dedication of their staffs but also the applicability and proven replicability, with national modifications, of IIRR's program in greatly differing country contexts.

6. IIRR Human Resources

IIRR's truly international staff, Filipino and foreign, ranges from those with 20 or more years of experience in implementing rural development projects in the Philippines to international experts with doctoral degrees in medicine, public health and the social sciences. This closely-knit community of more than 100 extraordinarily dedicated people provides for the easy interchange of information among those involved in various facets of IIRR's work. IIRR also draws on a pool of more than 800 training alumni from 46 countries. In addition, the leaders and staff of the affiliated National Rural Reconstruction Movements include more than 100 knowledgeable and experienced professionals, well respected in their own countries and regions. For example, Dr. G. N. Reddi, President of the Indian Rural Reconstruction Movement, has won recognition as one of the leading practitioners of people-centered development on the Subcontinent.

During the proposed grant period, it is expected that staff development programs and increased opportunities for interaction between IIRR's own staff and that of NRRMs and IIRR's alumni groups will further ensure the realization of all stated program objectives.

7. Findings of Independent Evaluations

Further attesting to the Institute's capability to effectively undertake the proposed program are the various evaluations of IIRR and its affiliated movements conducted by USAID staff or by USAID-designated third parties. Among these are the inhouse review and evaluation, "International Sharing in Rural Reconstruction," conducted as a progress report on IIRR's first AID-funded Matching Grant, together with the complementary trip report of AID/PVC's Dr. Ross E. Bigelow. These provide solid evidence as to IIRR's capacity to implement the program described in this proposal and the manner in which the requested grant will help IIRR respond to the new demands being placed upon it and the opportunities for an expanded program which awaits it.

8. Diversified Multinational, National, and U.S. Support and Confidence in IIRR

The continuing financial support of IIRR's work by foreign, multilateral and local funding agencies is additional proof of the contribution others believe the Institute is making in the development and testing of innovative, relevant and measurable integrated strategies serving the Third World's rural poor. IIRR is not a creation of AID or any other single funding source; IIRR did not, for instance, request or receive any government financial assistance until 1977. Since then, however, IIRR has been the recipient of numerous grants from a variety of public, private and international agencies. Indeed, IIRR's invitation by the Philippine National Economic and Development Authority (NEDA) and by USAID/Philippines to participate in the Local Resource Management (LRM) Project -- one of the Mission's major programs of the decade -- is a tangible manifestation of the confidence which IIRR enjoys both within the Government of its host country and AID itself. This confidence now extends to IIRR's work in cooperation with the new Aquino Government and at least 4 cooperative projects now being proposed between IIRR and the Philippine Government Ministries of Health, Agriculture, Local Government and Social Services and Development.

PART V. NARRATIVE DESCRIPTION OF THE PROGRAM

1. Program Definition and Scope

In 1986 Dr. Y. C. James Yen, the Founder of IIRR, wrote:

"The greatest challenge of our era is not the conquest of outer space, but the emancipation of millions of impoverished and disenfranchised people in the rural areas here on earth. For more than sixty years, the sacred mission of the rural reconstruction movement has been to help these underprivileged peasants overcome the interlocking problems of poverty, ignorance, disease and civic inertia.

"One important objective of this program has been to bridge the gulf between Twentieth Century scientists and the impoverished peasants of Asia, Africa, and Latin America. Modern science, which has made possible the conquest of land, sea, air, and outer space, also has the power to conquer the disease and poverty that victimize millions of people in the Third World. What we have been trying to do is to simplify appropriate scientific disciplines - agriculture, medicine, political science - so that the technical know-how of the expert becomes the practical do-how of the peasant.

"This technology transfer is not an end in itself. What is more important is the creation of a new mentality among the people who are learning to help themselves."

In 1986, IIRR has concluded that technology development and transfer is the logical focal point of its multifaceted, integrated program for rural reconstruction. In view of the fact that technology development and transfer is, as well, one of the "Four Pillars" upon which A.I.D. program emphasis is based, it is appropriate that this be the specific title under which AID/PVC approve matching grant support to IIRR.

In recent years, IIRR has been earnestly engaged in the "internationalization" of the overall program. Its affiliated movements around the world, its training alumni, its NGO clients and collaborators, as well as international and national entities are presenting ever increasing demands for IIRR services. The more IIRR seeks to respond to training, consultative or other program requests, the more are the demands placed upon it.

As attested to by these agencies and by international development experts (such as David Kortzen, Michael Cernea, Alan Taylor, et al), a most critical need today is for increased development management capability in indigenous institutions. IIRR's experience, the priority it gives to participation and integration in all activities and processes, its international and cross-cultural dimensions, its broad-based field program, its alumni network, its research and communication capacities, its specific technical skills in such sectors as health, agriculture, appropriate technology, environmental issues, credit, et al, and, above all, its international training for rural development, superbly qualify it to focus, at this time and in a special way, on this major problem. Responding to this need, and aware of its international responsibilities and capabilities, IIRR has elected to place a priority on the Development and Transfer of Technology for Rural Reconstruction as it continues to implement its integrated approach to rural development efforts in Third World countries. This will best bring both the content and the process of IIRR's approach to bear on the critical need for increased development management capability in indigenous institutions.

In pursuing its objective of fostering the implementation of integrated rural reconstruction strategies throughout the Third World, IIRR's field operations and operational research within its "social laboratory" play a critical role. This synergistic interaction of research technicians and field operators ensures the field relevance and analytical soundness of the IIRR's work among the peasant peoples and also of the curriculum used in its international training programs. AID/PVC funding is not being requested for this important component of IIRR's program.

In pursuing its objective of the development and transfer of technology, IIRR's training and outreach activities, appropriate technology projects, and communications and research (including evaluation) will be most directly involved. AID/PVC funding is being sought to support (in part) these components of IIRR's program.

2. Project Goal, Purpose, Inputs and Output

The long-term goal of IIRR is to help raise the economic and social standards of rural people in Third World countries by upgrading the capabilities of RD practitioners from private and government agencies in the planning/management of more effective, people oriented programs. The goal of this program is to provide increased development management capability in indigenous institutions. The purpose of this program is to increase the scope and impact of the training and outreach capability of IIRR, its network of affiliated National

Training
+
Outreach

IIRR
NARRT,
RR Alumni

How: Tech Transfer 30
• Training 30

Rural Reconstruction Movements (NRRMs), its network of RR Alumni, specifically through the development and transfer of technology for rural development.

The anticipated outputs of the priority program activities in the Training and Outreach areas include:

- More at IRR Courses
- Expanded Curriculum
- More Course at NRRMs
- Linkages with dev agencies
Expanded Participation
- A. Increased number of international training courses aimed at meeting the particular needs of Third World development agencies.
 - B. A strengthened, internationalized, culturally adaptable training curriculum which draws on the actual rural reconstruction experiences of IIRR, NRRMs and the training alumni around the world, and which meets the specific needs of Third World participants and institutions.
 - C. Increased on-site regional, national or topical trainings in collaboration with NRRMs and/or training alumni associations.
 - D. Closer linkages with development agencies and the international RR network through publications and conferences.
 - E. Increased number of training course participants from Third World organizations and countries, especially Africa, via new recruitment strategies.
 - F. Systematization of development of new training modules and resource materials to improve impact of NRRM and Alumni training programs in their regions.
 - G. Implementation with Indian Rural Reconstruction Movement of pilot program for Cross-Cultural Social Laboratories.
 - H. Implementation of specific project to test an appropriate, inter-active, media-assisted information-communication system which will supplement and enhance other training techniques for the development of rural people, and which can become a functional part of life in the rural areas.
 - I. Computerization of processes of analyses, synthesis and evaluation of new knowledge gained in rural development through field experience, and development of new modes of communicating and sharing that knowledge.

- J. Development and completion of specific studies on problems, processes, impact, participation, etc., such as "Consequences of Urbanization and Industrialization in Cavite."

The purpose of the Appropriate Technology Unit (ATU) element is to generate alternative low-cost, practical technologies to meet the development needs of rural villagers. The outputs of this project over the 3-year grant period include:

Rice

- A. Completion of a 3-year demonstration Low-Input Rice Production Project.

Seeds

- B. International extension of the Seeds of Hope Program. (This program promotes the conservation of indigenous genetic plant resources.)

Trans.

- C. Establishment of a new and increased capability to develop and promote the adoption of Non-Land Based Technologies for international transfer. (These technologies having a direct bearing on rural employment and income generation issues. Technologies include such alternatives as soap making, coconut oil production, rice hull charcoal briquette making, rice straw paper making, fish meal production, starch production, grain/fish drying, etc.)

Bio-Intly.

- D. International extension of the Regenerative/Bio-Intensive Agriculture Program for Rural Farmers in conjunction with each of IIRR's NRRM's and selected PVO's operating in Kenya and Indonesia.
- E. Preparation and packaging of rural development lessons for international distribution on other selected innovative technologies. (These include work in the areas of beekeeping, salt, herbal medicine, pesticide safety and fertilizer alternatives.)

Family Food Prod

- F. International extension and promotion of the Family Food Production Program model now being demonstrated in Negros. This program combines the use of seed conservation and bio-intensive gardening techniques and principles with the operations of supplemental feeding centers to help meet the long term nutritional needs of the rural poor through the establishment of low-input backyard food production systems that are capable of satisfying 30 percent of the protein, 60 percent of the Vitamin A and 100 percent of the Vitamin C and Iron requirements of families and especially children.

G. International extension and promotion of the use of bio-intensive approaches to food production within primary public education systems to meet and complement science and nutrition curricula. (This program, now underway in 3 communities in the Philippines, is being expanded nationwide by the Philippine Ministry of Education, Culture and Sports. The program uses a teacher-child-parent approach and has the capability of not only fostering the set-up of increasing numbers of backyard gardens for household food security but helps to communicate many other ecological and health issues.

From Support

H. Integration of the development and trial testing of all aspects of the appropriate technology unit into the ongoing field operations, international leadership training and extension work of IIRR. Training modules, curricula, experimental results and culturally sensitive cross country research will thereby be made available to an estimated 800 rural development workers from over 20 countries ~~expected to be trained by IIRR on campus and via regional seminars over the 3-year grant period.~~

This section on the program goals, purposes, inputs and outputs is summarized and further developed in the Logical Framework analysis which is attached.

3. Economic Analysis

It is generally acknowledged in the field of development assistance via PVOs that there is no single, adequate or definitely reliable economic model for producing a cost-benefit analysis of PVO development programs. IIRR shares a deep concern with other PVOs and AID regarding this problem and is willing and anxious to continue to participate in efforts to find more consistent and quantifiable methods and criteria for evaluating cost-effectiveness and impact. In the absence of such satisfactory indicators, IIRR has reviewed: 1) the appropriateness of investing the amount of resources it is requesting and, 2) the merits of investing these funds in comparison to other alternative uses. This review has led to the conclusion that the utilization of the requested AID funds (appreciating how scarce these are) is not only appropriate but may be viewed as priority use.

First, by comparison with other training institutions, IIRR's per capita training fees are markedly lower. Typically, IIRR's per

capita training fees of \$2500 (exclusive of travel) can be compared with the rather standard fees of \$6-7000 (exclusive of travel) by other training institutions. Admittedly, IIRR fees are partially subsidized. This is, however, by intent, so as not to exclude very worthy, but poorer participants from developing countries who could not otherwise afford IIRR's or any other training institution's courses.

Second, IIRR has elected to focus for the coming three-year period on the development and transfer of appropriate technology concepts and techniques precisely for the reason that the dissemination and use of these technologies lend themselves more readily to quantitative analysis, measurement and evaluation.

Thirdly, these technologies in themselves address those aspects of rural life and development problems (agriculture production, seed conservation, bio-intensive gardening, micro-enterprise development using non-land based technologies) that lend themselves to quantitative analysis of impact.

Fourthly, the large scale participation by the poor in IIRR's current programs evidences that these programs are economically feasible for them and validates IIRR's ability to simplify science and technology in ways that are practical, relevant and communicable.

Finally, IIRR has assigned priority in this particular proposal to its Training, Appropriate Technology and Communications functions particularly because these elements are precisely the most important strategies for building the needed management capability of third world PVOs and other development institutions.

IIRR expects to capitalize on already existing internal efficiencies by disseminating and transferring appropriate technology concepts within its existing organizational operating divisions of international training and extension. In this way appropriate technology concepts and techniques will be interwoven into and supported by the training and extension capabilities of the Institute. The advantages of this approach, i.e. transfer of appropriate technology through training and extension, is that it minimizes recurring costs generally associated with directly managing projects in the field. Only the cost of generating knowledge (technology development) and sharing knowledge (transfer through training and extension) are recurring. Technologies themselves and their continued use beyond the point of start-up or introduction are simple, low-cost and sustainable without substantial inputs or oversight by IIRR.

On the issue of how recurrent costs will be funded after the grant period, and the related issue of over-reliance on AID funding, IIRR can only state that it, too, is genuinely concerned about these issues, but it must acknowledge that it foresees no dramatically new sources of funding for supporting the costs of transferring its knowledge of rural reconstruction and/or appropriate technologies. IIRR is confident that the level of its support from corporations and European sources will continue to increase. IIRR's unique ability in promoting innovative and integrated participatory development strategies, may, however, warrant sustained support through a combination of AID partnership grant funds and a renewed effort by IIRR to build an endowment through deferred giving and greater emphasis on estate planning with major donors. A Resource Development Committee has been set up, and its first order of business is the development of a new comprehensive fund-raising strategy for IIRR.

4. Expected Achievements and Accomplishments

In this section IIRR will endeavour to present a description of what it expects to do as an Institution in these next few years. Since the operations and processes of the Institute are so closely inter-related and integrated, this summary will include the field operations (which AID/PVC is not being requested to fund) as well as the international outreach, training and appropriate technology operations.

Planning Operations for 1987-1989 drew a good deal of inspiration, but at the same time faced up to big challenges, from two highly significant events of 1986. The bloodless People's Revolution of February installed a new Philippine government that now has invited IIRR inputs in rural development to the start of a badly needed national recovery effort. The recent conferment on the Institute of the Ramon Magsaysay Award for International Understanding, on the other hand, has strengthened the intent to pursue an increasingly vigorous international outreach.

In the key result areas the Field Operations Division's plan presents land acquisition and settlement schemes for landless and near-landless rural poor families and agrarian reform information-education and legal referral services for intended agrarian reform program beneficiaries as new complementary strategies to improve people's control of production resources (specifically land). To the Village Information System designed to strengthen the research component of the field program, the Research Division is infusing the element of active community participation in the collection of data on villages and villagers in the IIRR social laboratories. Towards more

effectively accomplishing the objectives of Managing Training Programs with and for National Rural Reconstruction Movements (NRRMs), the Training Division¹ is putting emphasis on content-specific type of training programs based on needs and interest. In collaboration with the Research and Training Divisions, respectively, the International Extension Division² has planned: stronger and deeper support for NRRMs and International Training alumni associations in the form of more collaborative projects such as is being started with the Indian Movement (IRRM) in participatory research; improved linkages with other people centered agencies and organizations. In the Appropriate Technology Unit, which is expanding rapidly, a range of innovative programs has been undertaken with special attention being given to Regenerative Agriculture², renewable energy sources, labor-intensive rural enterprise development, and plant genetic resources conservation.

A. Field Operations Division (FOD)

- P 3. No. A.
1. Enhancing the four-fold program through the introduction of innovative strategies in education, health, livelihood and self-government.
 - a. A Model Rural Family approach; (c)
 - b. Introduction of rural reconstruction in the curricula of primary schools and agricultural colleges; (c)
 - c. Land acquisition and settlement schemes for landless families, and agrarian reform (2.) - P5 information-education and legal referral services;
 - d. Low-cost, ecologically-sound food production schemes;
 - e. Indigenous and appropriate health schemes.
 2. Strengthening people's organizations through continuation of efforts initiated in 1986, including: P 6 No. B
 - a. Guidance in developing schemes for increasing and sound investment of savings; 2.
 - b. Federation of community-level people's organizations and organization of chapters of higher-level people's organizations; 5
 - c. Identification and training of volunteer indigenous facilitators; 6.
 - d. Participation of organization representatives in the management of the credit program. 7.

3. Developing more responsive support systems through: C P 9
- A more effective scheme for establishing local government people's organizations partnership;
 - Pursuit of discussions with government ministries towards collaborative projects;
 - Continuing discussions with local civic organizations towards their active involvement in rural reconstruction work.
4. Enhancing the Division's participation in the International Outreach program through: E P 10
- Workshops to systematize sharing of FOD staff experiences;
 - Coaching programs to upgrade said staff's international training and cross-cultural communication skills;
 - Seconding FOD staff to the Training and International Extension divisions for participation in the latter's activities.
5. Improving the Division's management effectiveness and staff capability through: F P 10
- Further strengthening of internal communication within the Division and of the system of communication with other Institute units;
 - Merger of teams for more cost-effective operation and better mutual sharing of ideas and responsibilities;
 - Recruitment of a person to be primarily in charge of staff development.

B. Research Division (RD)

1. Field program research: The interrelationship between RD and FOD will be strengthened through A P 11
- Implementation of the Village Information System, using the instrument developed and tested in 1986;
 - A three-year study of people's organizations in rural reconstruction;
 - Regular and continuing assessment of field operational research activities.
2. International collaborative research: IIRR will B P 13
- pursue cross-cultural research with affiliate National Rural Reconstruction Movements (NRRMs).
- An agreement entered into with the Indian Movement in 1986, to develop a participatory research strategy, will be implemented.

3. International Outlook.

3. Program development research: Research on selected critical issues identified by rural reconstruction facilitators, partner communities and the NRRMs will be pursued and will specifically involve:
- a. A study of savings and credit practices of the rural poor, and
 - b. A workshop on indigenous specialists in rural reconstruction.
4. Research support services:
- a. Library: Upgrading and organizing library collection, and facilitating and stimulating creative use of materials, will continue.
 - b. Data processing and analysis: A comprehensive data storage and retrieval system will be developed, capability of research staff for quantitative data analysis will be enhanced through workshops, and other staff will be trained in computer use.

C P 13

E P 14

C. Training Division (TD)

1. Managing regular training courses: Enhancing competence in the management of regular courses, IIRR will:
- a. Conduct more aggressive and appropriate marketing of the training program and improve participant recruitment and selection strategies;
 - b. Increase representation from Third World organizations and countries, especially Africa;
 - c. Continue to improve training curricula and curricular materials to respond to participants' needs;
 - d. Institutionalize, expand and improve systematic contact with alumni.
2. Managing collaborative training courses: Training curricula will be broadened in response to needs of other development organizations, agencies and alumni and/or in collaboration with those organizations.
- a. Conduct of courses for practitioners of organizations with which collaborative relationships have begun (e.g. Kenya, Indonesia, Sri Lanka) will continue;

A. P 15

B P 18

- b. Training workshops in other Third World countries will be planned and conducted in collaboration with regional umbrella organizations.
- Collaborative trainings planned are: Indonesia trainings; Sarvodaya Shramadana (Sri Lanka) training follow-up; Peace Corps training activities in Health, etc. as requested; Cornell-VISCA follow-up; Kenya follow-up; and Asian Institute of Rural Development (AIRD)-IIRR collaborative training in India.

3. Managing training programs with and for NRRMs: IIRR will help build NRRMs' capabilities in planning, implementing and evaluating training activities by:
- a. Designing training programs in specific content areas, based on their needs and interest;
 - b. Providing internships in work study programs to NRRM staff;
 - c. Helping systematize development of new training resource materials.

B P21

4. Building dynamic Training Resource Center (TRC): To improve the Institute's capability to "package" materials on training and development and institutionalize a TRC, the division will:
- a. Coordinate development of cross-cultural training methodologies, strategies and materials for training participants, NRRMs, alumni and Institute staff;
 - b. Regularly review and update easily accessible training resources for trainers and facilitators.

C P21

5. Program organization and resource development: Optimization of human resources in training through sound management will be ensured by:
- a. Conducting a staff development program of training for trainers and skills development;
 - b. Continuing exploration and development of new areas of potential growth.

C P21

D. Appropriate Technology Unit

A selection of current activities of this new unit will best illustrate its great potential in the development and transfer of technology.

- 1. Family Food Production Program: The IIRR-initiated Family Food Production Program in Negros the largest provincial-level project of its kind in Asia, and the only one in the world that combines a nutrition

agenda and genetic resources conservation. UNICEF invited IIRR to undertake this long-range self-sufficiency and attitude-change program as a complement to its short-term feeding of malnourished children in Negros. IIRR's first phase was the introduction of Bio-Intensive Gardening, an appropriate technology which allows maximum food production in a small piece of land. This phase included among its multiple components distribution of seed kits and training kits (Attachment N).

2. Low-Input Rice Production: This project is intended to develop a farmers' system of Agriculture that relies less on capital intensive inputs such as chemical fertilizers and pesticides and more on renewable resources available at the farm site, such as labor, and plant and animal wastes. This system is designed to encourage the adoption of some thirty-three different technologies which will lead to higher net profits for small farmers, higher yields, cost-savings and improvements in overall ecological balance.
3. Genetic Strain Conservation/Seeds of Hope Project: The purpose of this project is to promote the conservation of valuable plant genetic resources (seeds) through the establishment of village level plant heritage plots and distribution systems for indigenous locally adapted seeds. It is planned to establish an international seed-conservation network among selected NGO's represented by IIRR Alumni.
4. Living Bio-Intensive Garden Laboratories. This program will combine bio-intensive gardening approaches with public school science and nutrition curriculum development and teaching. Bio-intensive gardens sponsored by teacher-child-parent groups are used to teach many ecological, and health issues (pesticide hazards, genetic resource conservation, bio-energy, water conservation, human nutrition, etc. Current program is to be undertaken nationwide in the Philippines (to be undertaken by IIRR and the Ministry of Education, Culture and Sports and The National Nutrition Council.)

5. An International Regenerative Agriculture Training Program: The purposes of this project include:

- a. Train third world development practitioners (trainers, specialists, and extension workers) in the rationale, basic principles and concepts of regenerative agriculture in such areas as:
 - soil and water conservation
 - conservation of genetic plant resources
 - social forestry/agro forestry
 - bio-energy
 - integrated crop and livestock practices
 - backyard bio-intensive gardening
 - pesticide
- b. Increase the capability of third world development practitioners to identify and evaluate the ecological, social and economic effects of conventional agricultural techniques.
- c. Increase the capability of development practitioners to identify and use locally available resources and sustainable, alternative agricultural techniques.

This international regenerative agriculture training program will be fully integrated with and influence the ongoing annual IIRR international program for senior and mid-level development managers. IIRR has also elected to work in countries with existing NRRM's (India, Ghana, Guatemala) and alumni (Kenya, Thailand, Indonesia) to meet real demand for its services and to maximize its advantages in introducing regenerative agriculture methods with greater relevance, impact and insurance of continuing use. Active participation, learning and decision making by rural people themselves will be emphasized relying not only on IIRR's technical skills but its long history and demonstrated ability to engage and motivate peasants to understand, accept and use as their own, new techniques for meeting their priority development needs.

6. Non-Land Based Technologies: The purposes of this project include:

- a. Identify, test, adapt and demonstrate at the field level appropriate non-land based technologies aimed at improving the overall quality of life of the rural poor through the increase in household incomes.

- b. To advocate and lobby for an increasing emphasis on self-reliant, resource-efficient, environmentally sound, cost-effective and sustainable rural technologies/enterprises among organized groups of rural poor.
- c. Evolve an indigenous delivery system for the dissemination of Non-Land Based Appropriate Technology concepts and ideas.

Technologies that have been initially identified for use at the village level include:

- a. soap-making and coconut oil production and other coconut by-products
- b. rice hull charcoal briquette making
- c. rice straw paper making
- d. fruit processing
- e. fish meal production
- f. hollow block making (by the conventional method and by using agro-wastes)
- g. starch production
- h. grain/fish drying technologies

E. International Extension Division (IED)

The IE program will focus on the following specific objectives and activities:

- 1. National Rural Reconstruction Movements AP23
 - a. Holding substantive IIRR-NRRM conferences at an NRRM site to discuss roles and mutual responsibilities;
 - b. Providing NRRMs financial support based on concrete program proposals and sponsoring a workshop in innovative fund-raising for NRRMs;
 - c. Providing NRRMs with non-financial support and linking them up with regional and international networks.

- B P26
2. Broadening program scope: alumni based networking
 - a. Continuing technical and training support to the South Asia Rural Reconstruction Association (SARRA);
 - b. Deepening relationship between alumni associations through the work-study program and collaborative projects;
 - c. Responding to support needs of alumni associations in Indonesia and Ghana.
 - d. Developing alumni networks in other countries and regions.

3. Widening geographic coverage

C P27

Continuing exploratory groundwork for the emergence of a critical mass of Rural Reconstruction practitioners in needy regions with which IIRR has had little or no previous contact.

4. Enhancing IIRR and IED capability

- D P29
- a. Continual updating of a systematic bank of information on each NRRM (and its country) at IIRR and developing a mechanism for dissemination of this information;
 - b. Holding sharing workshops/symposia on experiences and lessons of NRRMs and alumni associations;
 - c. Involvement of national/regional correspondents and publication of research-based articles in the International Sharing Newsletter.
 - d. Publication for international circulation of the collaborative documentation on the IRRM social laboratory and in-house publication of documentation on MGRR's credit and overall programs.

F. Program Support

Implementation of the foregoing plans of the major program divisions will receive strong support from the following components of plans of the program support departments:

1. (Communication Department) Field communication; management communication; production services; and outreach communication.

The Communications Department plans an expanded role in the next several years. These plans include:

- a. To design, implement and evaluate a project which will test an appropriate, interactive media-assisted information-communication system which will supplement and enhance other training techniques for the development of rural people, and which can become a functional part of life in the rural areas.
 - b. To develop new ways to package replicable field experiences on Rural Reconstruction into info-educational materials for international training and outreach purposes.
 - c. To increase the production of a range of publications and audio-visual materials, with a particular concern for Development Education.
 - d. To expand foreign language capabilities.
2. (Administrative Support Services Department) Plant operations; personnel office; secretarial services; transportation; Manila office; canteen service; housekeeping; clinic; and security force.
 3. (Finance Department) Finance; project loan fund.

5. Country Selection and Country-Specific Plans of Action

IIRR maintains regular working relationships with National Rural Reconstruction Movements in six countries (Colombia, Ghana, Guatemala, India, Thailand and the Philippines) five of which are of priority interest to AID/PVC. In addition, IIRR responds to requests for periodic assistance from other developing countries as the needs are presented to IIRR. As such IIRR country specific plans are independently determined by national agreement with rural reconstruction movements, with IIRR serving as a resource and technical assistance provider. IIRR similarly also responds to the "perceived needs" of rural development specialists and training institutions on other countries and does not seek to per se impose a country specific plan of action in this areas. IIRR, however stands ready to develop such plans as it may be called upon to do so.

In view of these factors, information provided in this section is intended to provide an overview of the nature and course of NRRM plans of action and to indicate that IIRR staff strive to continuously be current and alert to changing socio-economic conditions in all countries which it has contact and dealings. The items specifically provided in this section are one page, condensed historical summaries of the 6 NRRM programs. In addition IIRR regularly monitors World Bank, World Development Report Key Indicator Statistics pertaining to the third world. IIRR goals and objectives for 1987-89 further include bolstering IIRR's ability to interpret both the national and regional contexts in which it is seeking to have an impact by instituting a computerized national data bank system (See Logical Framework for detail).

COLOMBIA

In 1965, the CRRM began operations in Cogua, Cundinamarca province. A municipality of 15 villages, Cogua is at an altitude of 9,000 feet in the Andean Mountains. Projects of special importance included helping the campesinos (peasants) establish the Cogua Cooperative High School, which is now fully owned and administered by the Multi-Purpose Cooperative of Cogua, setting up a handicrafts cooperative and a health center (which was designated a model by the Ministry of Health) and helping bring about the electrification of all 15 villages.

In 1971, at the invitation of Colombia's leading agricultural extension agency, ICA (Instituto Colombiano Agropecuario), CRRM moved into Prado, an area of 22 villages of an entirely different agricultural pattern, located 1,000 feet high in the Magdalena River valley of the province of Tolima. As the villagers in Cogua took over more and more the running of their own projects, CRRM expanded its activities in Prado under contract with ICA, until in 1975 it handed over the Cogua program to the campesinos and concentrated and expanded its activities in Prado.

CRRM has been outstanding in its collaboration with government and private agencies involved in rural reconstruction. Some of the interesting features of fourfold integrated program of rural reconstruction in Prado were the training of villagers as livestock technicians; training of village women as community home improvement promoters; training farm girls as community health promoters, and in particular the training of rural midwives based on the Cogua training model, in collaboration with the Ministry of Health. In cooperation with SENA (National Apprenticeship Service), CRRM engaged in an apprenticeship program for campesinos. Also, in cooperation with ICA (Institute of Colombian Agriculture) and the University of Tolima, it set up an integrated biological pest control program to help small cotton farmers. It also introduced small-scale agricultural machinery to Prado farmers and helped set up a producer's cooperative to manage it.

In 1979, a new operation was launched in the municipality of La Calera, state of Cundinamarca, near Bogota. This operation covered 22 villages in the area.

In 1985, in collaboration with the National University of Pedagogy (UPN), the Colombian Rural Reconstruction Movement began a project to train rural school teachers as "inducers of development." This project has two components: 1) UPN students -- future professors in the normal schools where rural school teachers are trained -- will serve field internships and 2) students in selected normal schools will be trained in CRRM's philosophy and methodology. At the end of five years, 2,000 rural teachers will have been trained "to initiate a dynamic program of community organization."

CRRM has also begun an integrated program to improve the quality of life for 50,000 peasants in Arauca, Northeast Colombia. The first stage was training in cattle raising and primary health care.

Financial support of CRRM is provided by corporations, individuals and the governmental agencies with which it cooperates.

GHANA

The Ghana Rural Reconstruction Movement (GhRRM), was organized in 1972. It launched village operations in 1974 in its Mampong Valley Social Laboratory in the Eastern Region of Ghana, where an estimated population of 4,000 is spread over an area of 25 square miles.

GhRRM decided at the outset to recruit village workers only after developing village operations to provide a practical training field. An imaginative integrated fourfold rural reconstruction program is taking root in the Social Laboratory, spreading from Yensi Center.

GhRRM evaluated its own performance in an Evaluation Seminar in June/July 1977. Papers presented at the Seminar were published and have been made available to other rural development organizations in the influential book entitled An Experiment in Integrated Rural Development: The Mampong Valley Social Laboratory in Ghana.

Ongoing programs in livelihood include training and extension in agriculture and animal husbandry. The health program includes monthly health clinics in villages of the social laboratory, antenatal clinics, health education, family planning, nutrition and child care and environmental sanitation. In cooperation with the Ministry of Health, GhRRM is also training primary health care workers in the seven villages of the social laboratory to provide basic health care services to their fellow villagers. It promotes cultural activities, including music, dancing and a weekend soccer league.

With the support of AID's Ghana Mission, GhRRM also established a feedmill in a joint venture with a farmers' cooperative, the Farmers' Association for Agribusiness Development. The feedmill began operation in 1984, but has encountered difficulties in obtaining corn and wheat bran from local farmers (as was stipulated in the original agreement) and faces competition from a new mill in Koforidua. GhRRM will try to solve these problems by reducing overhead and test marketing a cheaper feed formula.

With the support of the Canadian High Commission, GhPRM is carrying out promising experiments in the use of the herb *Vernonia Amygdalina* to prevent and cure poultry diseases. It is also promoting the use of herbs to treat human illness, based on research conducted by GhRRM's former president, Dr. D. A. Ampofo. With support from African Development Foundation, GhRRM has been working to carry out a swine dispersal project and a pilot project in the use of tractors at the Yensi Center. A vocational training project is also in planning stages.

GUATEMALA

Organized in 1964, GRRM (Guatemalan Rural Reconstruction Movement) chose as its pilot province Jalapa in the southeastern region of Guatemala. Initially it worked in the San Antonio Las Flores region of 10 villages encompassing about 8,000 people located 78 km. from Guatemala City at over 6,000 feet. The Movement's most important accomplishment there is the Las Brisas Cooperative with 120 members from all 10 villages. Organized in 1967, this cooperative of coffee growers built its own coffee processing plant and transported its coffee to the capital for shipment as far as Germany. Las Brisas, now converted into a multi-purpose cooperative, has paid off its debts, and has assets totalling 80,000 Quetzales.

In mid-1971, GRRM moved into another region, La Montana de Santa Maria Xalapan. Remote, inaccessible, with a population suspicious of outsiders, La Montana had to be convinced of GRRM's integrity and sincerity before opening its door to the Movement's workers. Since 1973 GRRM has been concentrating its major efforts in this mountainous area where a population of some 35,000 is scattered in 60 hamlets and villages over 40,000 acres. Thirty-six agricultural committees have been set up, cooperatives (including cooperative store and mill) have been established, the villagers have been assisted in obtaining needed credits and have cooperated in a comprehensive socio-economic survey of the region. Rural Health Promoters have been trained for work in the villages.

GRRM currently has over 30 technicians and rural development workers living and working in the communities of Jalapa. Its Training Center for Rural Monitors, established in 1979 with the support of A.I.D.'s Mission in Guatemala, has trained 864 villagers, selected by their own communities, in a variety of techniques for improving the quality of rural life. These techniques are then shared with fellow villagers. Projects to improve livelihood are supported by a revolving credit fund, which has had a 100 percent rate of return.

Participatory projects in the social laboratory include production of corn, wheat, beans, vegetables, fruits and coffee; raising of cattle and poultry; beekeeping, fish culture, soil conservation, literacy, dressmaking, tailoring, home education, cultural activities, potable water projects, construction of water-sealed toilets and the establishment of 20 community drugstores. A Health clinic at Laguna del Pito provides medical and dental consultations.

In collaboration with Christian Children's Fund, GRRM has also embarked on a nutrition project in the village of El Chaquite, serving the needs of 350 children under the age of 15. The children are provided with lunch, snacks, food baskets as well as medical, dental and deworming services. The project also includes a community drugstore.

INDIA

Established in 1979, the Indian Rural Reconstruction Movement operates its social laboratory in Kuppam Block, Chittoor District, Andhra Pradesh State. Beginning in an area covering one panchayat (administrative district) of 14 villages, IRRM and its offshoots had by the end of 1985 expanded the program to cover the whole of Kuppam Block, an area of 79 panchayats, with 350 villages and 150,000 people. The goal is to extend in this fashion to the whole of Chittoor District by 1990.

IRRM has promoted a wide range of participatory projects: production of millet, sorghum and peanuts, horticulture, swine and poultry production, dairy production, adult education, literacy, social forestry, health education, clinics for prevention and treatment of disease, family planning, labor contract societies, fishing cooperatives, digging of borewells for irrigation, construction of schools, electrification, potable water, production of handicrafts and other village industries.

Villagers have been mobilized to take advantage of rural credit, public works and other government development programs, as well as to participate actively in the democratic process. In the last elections for local government, held in 1982, poor villagers and untouchables were elected for the first time to leadership positions in the panchayats and rural cooperative societies. In keeping with the rural reconstruction principle that "outsiders can help, but insiders must do the job," there is an increasing reliance on indigenous facilitators to lead IRRM's program. In 1986 a pilot project was launched to test methods whereby village organizations could finance their own development program.

The South Asia Rural Reconstruction Association (SARRA) comprising alumni of IRRM's international training programs in the Philippines and of IRRM's training programs in India, was established in 1984 to promote training, information exchange and cooperation on systematic, scientific development projects. SARRA has organized chapters in India, Nepal, Bangladesh and Sri Lanka, as well as six sub-chapters in Andhra Pradesh, Karnataka, Tamil Nadu, Kerala, Maharashtra and North India. It has organized regional and national training programs, publishes a newsletter and promotes the establishment of new social laboratories and cooperative projects in research and documentation. In 1985, national training programs were held in Bangladesh and India. A regional training program for 27 participants from the four SARRA member nations was held in Bangalore from September 5 to 25.

THAILAND

The TRRM initiated its program in 1969, in the province of Chainat located in the central plain of Thailand some 160 miles North of Bangkok, with a population of some 300,000. Its initial program of setting up experimental villages spread to encompass 15 and radiated to the neighboring province of Uthai Thani.

Each of the 15 pilot villages had its multi-purpose village center, built with the villagers' labor on donated land. Functional in design and economic in cost, these centers provide facilities for classes and meetings, health clinics, and living quarters for TRRM workers. A campaign launched in 1971 provided funds to start TRRM's own National Training Center to train local Rural Reconstruction Workers, community leaders, farmers and farm youth and serve as TRRM's field headquarters.

Specific projects under the fourfold integrated program included public wells, school hygiene, sanitary toilets, a Mobile Medical Unit; training of farmers in modern techniques of rice cultivation, swine upgrading and dispersal, cattle and poultry raising, mushroom growing, fish-ponds; demonstration and extension farms; reactivation of a rice mill; organization of village development committees, water users' association, cooperatives, credit unions, youth and 4-H clubs. One of TRRM's unique projects was nursery schools for small children, which freed older children from baby sitting chores and allows them to attend school while parents work in the fields.

Local funding has been supplemented by the German Freedom From Hunger Campaign under the overall aegis of FAO, the Christian Children's Fund and Terre des Hommes (France).

In recent years, TRRM has encountered management and funding difficulties. However, in 1986 efforts were made to begin addressing these problems, after a reorganization of the board of directors and appointment of a new chairman of the executive committee and a new director of the center in Chainat province. In July, the new center director visited IIRR for orientation and discussions with the senior staff.

RRAFA/THAILAND RURAL RECONSTRUCTION MOVEMENT

The Rural Reconstruction Alumni and Friends Association (RRAFA) in Thailand was organized in December 1982 by graduates of the training courses offered by the International Institute of Rural Reconstruction (IIRR) in the Philippines. RRAFA's objective is to promote interaction among rural development field workers to increase their effectiveness and impact. To this end, RRAFA organizes participatory training programs, seminars and workshops, promotes collaborative research and documentation, publishes a newsletter and provides consultancy services.

In 1984, RRAFA began an extended "training cum action research project," its second major training program, in June 1984. Eleven participants, including representatives of five private and voluntary organizations, teachers and community leaders in North and Northeast Thailand implemented field research projects on the general theme of promoting village leadership for development. Workshops were held in September and November 1984 to plan the specific topic of research. These ultimately included the role of government in grass roots development, the role of the family, analysis of problems facing village leaders, leadership and change within the community, and development of farmers organizations.

Preliminary results of the research studies were presented and discussed at a mid-project seminar in August 1985 which was attended by 30 people, including the researchers, resource people, RRAFA members and other interested development workers.

The researchers are now preparing final reports on each of the research studies. These will be the basis for follow-up studies and sharing of the results with a wider network of development workers.

PHILIPPINES

Established in 1952, the Philippine Rural Reconstruction Movement (PRRM) was the first to demonstrate that the basic approaches and principles of rural reconstruction evolved in China are applicable, with adaptations, in another developing country of entirely different historical and cultural background.

Since its founding, the movement's operations have been centered in the central Luzon province of Nueva Ecija. Beginning in only two villages, Rural Reconstruction Workers started working with the peasants to explore with them how to release their potential and improve their lives. Urgent needs were pinpointed and among the earliest programs were the establishment of barrio health clinics, improved methods of rice cultivation and literacy programs. Villagers were encouraged to organize into men's, women's and youth associations for civic improvement.

A historic milestone of PRRM's early days was the nationwide adoption in 1955 of the concept of elective barrio councils. This procedure had been tried, initially as an experiment, in two villages under PRRM's aegis. Four years later the Barrio Charter gave the councils more power and made them quasi-municipal organizations. In the meantime, and in the 60's and 70's, other programs of PRRM spread to more villages and provinces and many of their concepts were codified and adopted for the entire nation. Some of their significant programs have been community learning centers, demonstration farms, crop diversification, environmental sanitation, village drug stores, maternal and child care, buying clubs and credit unions.

In the year since its founding, PRRM has served directly more than 400 villages in 17 provinces. In 1977 the Movement was asked to coordinate the Philippine government's five-year, multi-million peso Cooperative Development Program for the Cagayan Valley.

Ongoing PRRM projects include the Barangay (village) Institute of Management Technology, which offers 200-hour vocational training courses to villagers in the social laboratory, Project "Tinola," which promotes production of papayas, gi and chickens (ingredients of a popular Filipino dish), promotion of self-government through training of villagers and local government officials, a coastal village development project to organize fishing cooperatives and improve fishing technology, and two cooperative projects with the University of the Philippines in Los Banos -- an agro-forestry project and a project to intercrop "pandakaki," a medicinal herb, with castor beans, pineapples and coffee.

PRRM's center in Nueva Ecija province is also used extensively for training U.S. peace Corps volunteers.

Although PRRM has faced difficulties in funding and management in recent years, the organization has been revitalized by the appointment of an outstanding new President and by a new political atmosphere following the non-violent revolution of February 1986.

ALUMNI ORGANIZATIONS

National Level

1. The Rural Reconstruction Alumni and Friends Association (RRAFA) of Thailand

This organization was formed in December 25, 1982 by twenty-five (25) graduates of IIRR's International Training. During the first meeting initial discussions took place towards clarifying the goals and objectives of the association. After a series of meetings the group identified the following objectives:

- 1) To establish a system of exchanging knowledge and experiences gained from rural development programs in Thailand
- 2) To provide training and other technical support to individuals and organizations involved in rural development work
- 3) To encourage information exchange among rural development practitioners
- 4) To establish a network among rural development workers in both government and private organizations.

A three year plan was prepared to ensure a dynamic and sustained implementation of the above objectives.

Regional Level

1. South Asia Rural Reconstruction Association (SARRA)

Forming a regional collaborative body was conceived during the First Regional Leadership Training in Bangalore. Several IT alumni expressed the need for some form of collaboration at a national or even South Asian regional level. Before the assembly meeting was over an ad hoc regional coordinating council was voted upon by the assembly.

Two of SARRA's major roles will be first, to offer Regional Leadership Training for field supervisors; and second to provide documentation services for member organizations. In addition, a newsletter will be produced to facilitate communication exchange among members.

For its initial activity SARRA held the First Regional Leadership Training hosted by the Indian Rural Reconstruction Movement. The training was conducted from November 20 to December 8, 1983, for

19 participants representing government and private agencies in India, Bangladesh, Philippines and Nepal.

This was followed a year after by the Second Regional Leadership Training in Rural Reconstruction held from November 25 to December 15, 1984 in India. There were 17 participants representing 4 countries in the region - Nepal, Sri Lanka, Bangladesh and India. The major objective of the training was to broaden participants' perspectives in critically examining the effectiveness of a variety of major rural development experiments ongoing in South Asian countries.

2. Bangladesh Rural Reconstruction Association

A newly emerging national chapter of SARRA, the Bangladesh Rural Reconstruction Association (BARRA) conducted the First National Leadership Training (NLT) with 11 participants. The NLT was held at the Village Education Resource Center's (VERC) training center in Savar from May 6-15, 1985.

The participants were composed of project coordinators and supervisors from seven indigenous NGOs in the country. Sharing of each organization's activities and programs composed the first two days of the training. This was followed by a discussion on issues raised during the sharing. Plans for continuous review and improvement of the training course content were discussed.

PART VI. PROGRAM MANAGEMENT

Procedures for IIRR's program and financial management of donor resources is well established. Ultimate responsibility is that of IIRR's President (or, when designated, either IIRR's Vice President in the Philippines or the United States). Express procedures currently exist -- and have been described in previous reports to AID -- concerning the monitoring and financial management of AID-provided funds, both in the Philippines and, in consolidated fashion, at its U.S. office in New York.

Program authority rests with the Directors of its principal operating units: International Training, Field Operations, Operational Research, Extension/Outreach, Appropriate Technology Unit and Communications Divisions. The directors of these divisions are responsible to the Vice President for Philippine Operations, who is responsible for day-to-day supervision of program operations; IIRR's Vice President for U.S. Operations is responsible for liaison and coordination with AID/Washington. A carefully-devised committee structure ensures bi-monthly coordinating between its operating units located on its Silang campus and its pool of Four-Fold Specialists (in health, education, livelihood and self-government) and the staff of the Institute's Communications Division.

The monitoring of each program is based on an annual Program/Project Implementation Plan (PIP) prepared by the team responsible for each individual project's implementation. Quarterly Plans are also prepared to detail implementing activities, time-schedules and outputs expected during each three-month period. Monthly status reports provide the basis for monitoring progress of each project, on a staggered basis, at bi-monthly committee meetings, where coordination of inputs and an on-going evaluation of project activities take place. These meetings lead to "Summary Quarterly Progress Reports" upon which decisions are based for the modification of projects in light of progress to date and the comments and concerns of the implementing team and participating beneficiaries (trainees, target groups, NRRMs, and other organizations).

Consolidated Annual Progress Reports are prepared and submitted to AID at the end of each program year. These describe the principal activities undertaken during the year, major outputs achieved, difficulties encountered, lessons learned and evaluations conducted, together with a year-end financial report.

An organizational chart is included as Appendix VI.1. Statements of the qualifications of the key personnel are provided as Appendix VI.2.

PART VII. EVALUATION

While the IIRR's Field Operational research Division is primarily responsible for all IIRR evaluation activities, evaluation is obviously at the core of the IIRR's total program and hence an Institute-wide concern. Indeed, it might be said that IIRR's raison d'etre and unique role is its focus upon the constant testing and evaluation of participatory programs in integrated rural reconstruction, recognizing that programs and processes of implementation are necessarily dependent upon the changing needs, desires and capacities of the ultimate beneficiaries of such programs.

A "Conceptual Framework for Rural Reconstruction" was designed to assist IIRR staff in systematizing and coordinating the Institute's broadly-based system of continual evaluation. This set of guiding principles helps to outline the expected achievements and implementation procedures of each program or project. An additional set of Operational Research Questions, formulated on the basis of the Conceptual Framework, guides IIRR's staff in establishing specific program and/or project objectives and the development of implementation plans.

At bi-monthly staff conferences, the status of projects is reviewed and assessed on the basis of these documents and on-site visits by senior staff to determine, inter alia, whether modifications need be made in each project's objectives or processes of implementation. Every program or project, on average, is evaluated in this manner once every quarter.

In July and August of each year, when the Institute begins to prepare its program plans for the subsequent year, each program or project is reviewed in even greater detail vis-a-vis all other projects by IIRR's Program/Project Review Committee (PRC), composed of senior staff.

The monitoring and evaluation of IIRR projects is based on the belief that target beneficiaries must be involved in the monitoring and evaluation process whereby they participate in the design, collection, analysis and utilization of the data generated. In other words the monitoring and evaluation is based on a participatory evaluation model. At the end of each year a general review of all projects is undertaken by IIRR's project Review Committee.

To achieve a more effective monitoring and evaluation system IIRR has recently set up a Field Operational Research Team (FORT) for each project consisting of a researcher, project team leaders and field facilitators. This team (FORT) is set up at the planning stage of each project so that a mechanism of monitoring and evaluation is built into the project implementation. This system will be monitored in 1986 and 1987, and if found effective it will be institutionalized during this grant period.

One of the problems in assessing any social program is to come up with variables that can be operationalized to yield quantitative and qualitative data. In order to improve the available data in our projects, IIRR has begun to develop an information system for all the communities in our social laboratory. We have also developed a set of indicators for the four program areas - Education, Health, Self-government and Livelihood. These indicators are now being tested in one community.

During this grant period the community data base and the program indicators will be refined and integrated into the monitoring and evaluation process. It is hoped that the data base will be updated every five years.

Training Program Evaluation. Although pre-training and during-training assessments have been regularly undertaken and have proven very beneficial, no successful systematic and comprehensive post-training evaluation has taken place. One was planned, whose main purpose was:

"to identify IIRR's differing levels of influence on participants and their sponsoring agencies given a variety of factors relating to the background of participants, their home countries and sponsoring agencies, their expectations versus actual results of training and subsequent involvement in rural reconstruction activities."

A preliminary study was completed, but the evaluation was not completed due to a low rate of response to the key questionnaire. In 1987 a systematic and comprehensive post-training evaluation is planned. Using the Alumni Associations as partners, it is hoped that the response rate will be significantly improved.

All IIRR's trainees are asked to evaluate the content and process of each course in which they participate on forms provided them in the last week of their training. This is supplemented by faculty assessments and are used to make adjustments in the curricula, materials, management and facilitation techniques which are employed in subsequent courses.

Through evaluations of its training programs, IIRR expects to better identify:

1. The critical training needs of rural development planners and decision-makers, and how these needs can best be addressed through new forms of training curricula, materials and processes;
2. Ways to help participants retain and apply, after return to their respective work situations, the knowledge and skills learned in IIRR's training and, in so doing, more systematically measure the true impact of IIRR's training programs.

Special Evaluation Project. In 1987 the Research Division plans a special study. The objective of this study will be to investigate the extent to which the activities of IIRR have influenced the level of participation of the villagers in the rural reconstruction process.

This study is viewed as especially significant for IIRR.

Most development agencies/organizations have recognized the importance of participation in rural development projects. However, there are very few empirical studies which have examined the issue. There is a need therefore to undertake a systematic empirical investigation of the strategies which promote participation and the outcomes of such participation. It is hoped that this study will contribute to such an effort.

Secondly, one of the objectives of IIRR is to generate new knowledge in rural development through actual field experience and share that knowledge with others in development. This knowledge can only be generated and shared if adequate documentation and evaluation takes place. This study is designed to serve as the beginning of a more systematic documentation of IIRR's experience in promoting participation in rural development.

Finally, IIRR is dedicated to the mobilization of the rural poor to be able to influence decisions which affect their lives and procure the necessary resources to achieve their health, education and livelihood needs. It is hoped that this study will contribute to the examination of the suitability of the strategies adopted by the Institute and to determine whether the desired results are being achieved.

Lastly, it is hoped that through updated evaluations of its affiliated movements and alumni networks/associations, IIRR can begin to identify:

1. The critical organizational or contextual factors which influence the potential strength or unavoidable weaknesses of national (indigenous) private voluntary organizations (such as NRRMs) in Third World countries, and the conditions necessary to anticipate or ensure their eventual self-sufficiency and program effectiveness;
2. The most appropriate role foreign donors can play in developing truly indigenous and independent private voluntary organizations in Third World countries; and
3. The appropriate and most feasible role, in selected countries, for national private voluntary organizations (such as NRRMs) to play in seeking to implement integrated rural reconstruction programs;
4. More effective strategies for utilizing alumni in achieving the goals of Rural Reconstruction and in developing constituencies to support and collaborate in RR programs.

PART VIII: COST ESTIMATE AND FINANCIAL PLAN

Presented herewith are the following cost estimates and financial plans:

- o Matching Grant Program for International Technology Transfer in rural Reconstruction, Functional Budget - Level II for 1987, 1988 and 1989
- o Matching Grant Program for International Technology Transfer in Rural Reconstruction, Functional Budget - Level I for 1987, 1988 and 1989
- o Summary Table for the Life of the Grant, Level II
- o Summary Table for the Life of the Grant, Level I
- o IIRR Three-Year Financial Overview for 1987-1989, Level II
- o IIRR Three-Year Financial Overview for 1987-1989, Level I
- o IIRR Financial History - 1983-1986

As stated in the main text of the proposal, IIRR has three main functions, International Training, International Extension and Field Operational Research. They are intrinsically intertwined and interdependent. Each staff member takes some part in all three functions.

Field projects and development studies undertaken by Field Operational Research in IIRR's social laboratories of rural communities and analyzed and codified by its research unit aim to improve the economic and social conditions of the village people as well as test new and innovative strategies and develop new knowledge and skills relevant to the rural poor in the third world in general. Experiences gained and knowledge and skills developed are shared with other development agencies throughout the third world through IIRR's program of international training and extension. They constitute an important addition to the curriculum of IIRR's training and content of IIRR's extension. A major example is the technology being developed by the new Appropriate Technology Unit.

The budget of the Matching Grant Program of International Technology Transfer covers the costs of the two major components of IIRR's mission, International Training and International Extension, and part of its field operational research expenses charged against international training and extension in proportion to its role in these two programs.

Staff personnel costs cover full and allocated salaries and fringe benefits of IIRR's senior specialists, associate specialists, specialists and other technical and support staff for training and extension.

Travel covers plane fares and per diem of technical staff to national movements and alumni groups to provide technical assistance, conduct workshops and collaborate on comparative development studies. It also includes travel to other third world countries where IIRR is invited by government and private agencies to conduct collaborative training and workshops. Costs also include travel to the NRRM conference, held once every two years.

Fellowships are provided to qualified international participants whose agencies can only provide portion of the tuition fees and room and board or who must rely on full fellowships from IIRR to attend training. Full fellowships and travel are also provided to staff members of the national movements.

Training costs refer to direct expenses related to training conducted for international participants in the Philippines.

Financial assistance to affiliates (NRRMs or alumni groups) include partial financial support for their specific program or project.

Indirect costs are based on an overhead approved by A.I.D. at 25.6%.

The Level II budget is actually a minimal budget of IIRR to carry out adequately its proposed program of international technology transfer. Level I budget represents a reduced budget, where number of available fellowships is reduced, financial assistance to NRRMs and alumni groups cut back, and hiring of critically new technical staff suspended until more funds could be found. Also reduced is the number of publications planned for international sharing.

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D C 20523

ACTION MEMORANDUM TO THE (ACTING) ASSISTANT ADMINISTRATOR, FVA

FROM: DAA/FVA/PVC, Thomas A. McKay

SUBJECT: International Institute of Rural Reconstruction Matching Grant

1. Problem: Your approval is requested for support of the International Institute of Rural Reconstruction (IIRR) under a three year Matching Grant in the amount of \$1,680,000 and to obligate \$450,000 in FY 1987 grant funds to initiate this grant.
2. Background: IIRR since 1960 has fostered the development of rural communities in the developing world by encouraging the active participation of rural peoples in an integrated program of rural reconstruction. Its work is based on the Four-Fold Program of integrated rural reconstruction - education, livelihood, health and self-government - formulated some 60 years ago by IIRR's founder, Dr. Y. C. James Yen.

A Development Program Grant (DPG) was awarded to IIRR in 1977 to carry out the following activities: training through IIRR's International Leadership Training sessions; field activities within its "social laboratory" composed of 81 villages; and international extension through its affiliated National Rural Reconstruction Movements. The DPG was followed with MGI (FY 1980 - 83) for \$1.4 million to continue the activities supported through the DPG. IIRR's MGII (FY 1984-87) supported the expansion of IIRR's Leadership Training component and provided funding to enable the various national movements to collaborate with headquarters in research and training. The Summary and Background sections from the Second Interim Report on MGII are attached as Tab 1.

IIRR was evaluated in March 1987 by the International Science and Technology Institute, Inc. (ISTI), under our second series of PVO institutional development evaluations. The major conclusions and recommendations from this evaluation, while generally favorable, note several areas of concern (Tab 2). These include: (a) IIRR in its research activity should pay more attention to quantification; (b) IIRR's experience base is largely Philippine and requires a more international perspective; and (c) IIRR's training function needs

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strengthening in both its management and curriculum. The most important evaluation finding for FVA/PVC, is that IIRR's attention to international extension of its rural development approach still needs strengthening. Our long term interest in supporting IIRR is that this successful approach should spread to more countries, whether by leadership training, by fostering new national rural reconstruction movements, or by use of the approach by other types of indigenous PVO's (See Tab 2, Summary, pp. v-vi; and Conclusion, p. 37-39). Along with our assistance, support of IIRR by A.I.D. Missions (as was successfully done in Guatemala) could be important in provoking the growth of a system of national rural reconstruction movements.

3. Proposed Program: IIRR's current proposal indicates four areas of concentration: (1) the Appropriate Technology Unit's new programs and projects; (2) the enhanced role of the IIRR "Alumni"; (3) expanded efforts in the International Training Division including an increased number of on-site regional and national trainings; and (4) an enhancement of the roles of the National Rural Reconstruction Movements (NRRM). Currently NRRMs are found in the Philippines, Colombia, Guatemala, Ghana, Thailand and India. MGIII funding would fund NRRMs in Guatemala and Thailand. India will be added if PVC receives concurrence from A.I.D./New Delhi. A copy of IIRR's proposal for MGIII is attached as Tab 3.

The anticipated outputs of MGIII include:

- A. Increased number of international training courses aimed at meeting the particular needs of Third World development agencies.
- B. A strengthened, internationalized, culturally adaptable training curriculum which draws on the actual rural reconstruction experiences of IIRR, NRRMs and the training alumni around the world, and which meets the specific needs of Third World participants and institutions.
- C. Increased on-site regional, national or topical training in collaboration with NRRMs and/or training alumni associations.
- D. Closer linkages with development agencies and the international RR network through publications and conferences.
- E. Increased number of training course participants from Third World organizations and countries, especially Africa, via new recruitment strategies.
- F. Systematization of development of new training modules and resource materials to improve impact of NRRM and Alumni training programs in their regions.

- G. Computerization of processes of analyses, synthesis and evaluation of new knowledge gained in rural development through field experience, and development of new modes of communicating and sharing that knowledge.

Evaluation: The ISTI Report notes "as a result of its attention to the analysis of what is occurring in its development activities in the field, IIRR does pay considerable attention to evaluation...but IIRR's evaluation process does not put emphasis on comparing costs and benefits systematically...to assist it in making decisions either about its own program mix or the techniques to be followed in its field activities."

The present proposal contains no benchmarks or indicators for an evaluation during the LOP of MGIII. Furthermore, the proposed outputs for the current proposal are stated so generically that they would be of little help in developing an evaluation SJW. IIRR will address these concerns in a report drafted within six months of the date of the grant agreement and submit a detailed implementation plan to PVC by January 15, 1988 concerning years 2 and 3 of the program.

4. Budget: IIRR's proposal requested a minimum of \$1,350,000 and a maximum level of \$1,985,000. The recommended funding level is \$1,650,000 for which IIRR will provide a cash match of \$1,920,487. Additionally, A.I.D. will fund one external evaluation for \$30,000. Due to IIRR's need to decide much more specifically on the future directions of its program, our proposed support for FY 1987 is \$450,000, reduced from the earlier level of \$650,000/year. Future support of \$600,000 annually is contingent upon IIRR making sufficient progress in internationalizing its programs. Budget details can be found in Tab 5.

Budget Summary (\$000)

	<u>Total</u>	<u>A.I.D. M.G.</u>	<u>PVO Cash Match</u>
International Training	1,642,536	572,584	1,069,952
International Extension	1,200,213	741,114	459,099
Indirect Costs	727,738	336,302	391,436
Evaluation	<u>30,000</u>	<u>30,000</u>	<u>-</u>
TOTAL	3,600,487	1,680,000	1,920,487

Procurement will follow the general order of precedence as necessary for orderly implementation of the project. No Code 935 or restricted procurement is anticipated under this project.

5. Country Clearance: A.I.D. Mission input was solicited from the Philippines (headquarters), Guatemala, Thailand, and India. Positive responses have been received from the Philippines, Guatemala and Thailand. No MG activity for India will be funded unless concurrence is received from the New Delhi Mission. See Tab 6.
6. Significant Issues: As noted in the Issues Paper and the Committee Report - see Tab 4 for both - PVC is aware that IIRR presently is going through a critical period of transition and that MGIII should serve as a vehicle to provide a positive influence in IIRR's future direction. FVA/PVC has encouraged IIRR to develop a strategic plan that emphasizes a further internationalization of IIRR's extension and outreach activities (training). We have also expressed concern about the heavy dependence IIRR has had on MG funding. See Tab 7.

In order to be properly supportive of this important rural development program experiencing a critical period of transition, PVC will monitor this MG in a rigorous manner. It should be noted in the grant agreement that the increased funding level for years two and three of the grant will depend on a satisfactory completion of an FVA/PVC review of the following: (a) IIRR's willingness to implement at the field level the IIRR Board's recommendation to embark on a strategic planning exercise to include both long and short range indicators of accomplishment; (b) IIRR's continuing efforts in internationalizing its extension and its training capacity (especially through tapping and enhancing the talents of its alumni); and (c) agreement between IIRR and PVC on a SOW for an external evaluation to be conducted in FY 1989.

7. Recommendation: That you approve the proposed three year Matching Grant to IIRR with an LOP authorization of \$1.680 million and obligate \$450,000 in FY 1987 to initiate this FVA/PVC grant.

APPROVED: _____

DISAPPROVED: _____

DATE: _____

ATTACHMENTS:

- Tab 1. Second Interim Report - Summary and Background Section
- Tab 2. ISTI Evaluation - Summary and Major Conclusions
- Tab 3. IIRR's Proposal for Matching Grant III
- Tab 4. PVC Issues Paper and Committee Report
- Tab 5. Detailed Budget Request

- Tab 6. Country Clearances
- Tab 7. McKay-to-O'Brien Letter, Jan. 5, 1987
- Tab 8. CN: Advice of Program change and CP Activity Data Sheet

Clearances:

FVA/PVC: K.Poe KPoe Date: 5/21/87
FVA/PVC, S.Bergen _____ Date: _____
FVA/PPM, LStanberg _____ Date: _____
FVA/PVC: SMacCarthy _____ Date: _____

FVA/PVC: SMacCarthy: mn: 5/11/87: revised: aob 5/12/87
5370I

PVO PROFILE REPORT

PVO Name: International Institute of Rural Reconstruction Year end: 12/31/85

PVO Number: A0950

Date of Preparation: 12/08/86

Routing

<u>Name</u>	<u>Initials</u>	<u>Date</u>
<u>T. Vanhare, FVA/PVC</u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

I. FINANCIAL CONDITION:

Rating

- 1. Excellent
- 2. Good **X**
- 3. Stable
- 4. Fair
- 5. Poor

II. RELIANCE ON U.S. GOVERNMENT

1. Privateness Percentage:

<u>58%</u>	<u>57%</u>	<u>53%</u>	<u>50%</u>
1982	1983	1984	1985

III. OVERALL ASSESSMENT

See attachment

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OVERALL ASSESSMENT

As of December 31, 1985, the International Institute of Rural Reconstruction (IIRR) was in good financial condition despite recording a deficiency for the fourth time in five years. The organization's short-term financial strength depends on two primary factors: its working capital position and the speed with which it generates liquid assets. Working capital is the amount by which current assets exceed current liabilities. Working capital represents the margin of short-term debt-paying ability over short-term debt. The current ratio measures an organization's ability to meet its short-run obligations. The acid-test ratio is a more rigorous measure of an organization's ability to pay off short-term obligations than current ratio.

The PVO ended 1985 with a working capital balance of \$893,125, a current ratio of 2.17 to 1, and an acid-test ratio of 1.29 to 1. The current ratio indicates that for every 1 dollar of current liabilities there exists \$2.17 of current assets to liquidate these debts. The foundation, therefore, had sufficient resources to satisfy its current obligations. However, it has shown a declining trend in working capital over the past three years which may be a reflection of the deficiencies the organization has suffered.

The IIRR received almost half of its support in a matching grant from AID in 1985. According to AID Form 1550-2, Part II, all of the funding provided to IIRR was spent on international programs. The incurred expenses are those allowed under the grant restrictions. Most AID funds are normally restricted, yet IIRR recorded \$133,894 of \$700,635 in revenue in the unrestricted fund. Because of lack of documentation on the grant agreement, further analysis was not possible. Additionally, private contributions and generated revenue in 1985 exceeded the amount that IIRR was required to match.

INTERNATIONAL INSTITUTE OF RURAL
RECONSTRUCTION

A. INTRODUCTION

The independent accounting firm Arthur Andersen and Company, CPAs, issued an audit report dated June 16, 1986, and rendered an unqualified opinion on the financial statements of International Institute of Rural Reconstruction (IIRR) for the years ending December 31, 1984 and 1985. The auditors did not examine the financial statements of the IIRR's Philippine office, which reflects total assets and revenues of 23% of the related consolidated totals. Those statements were examined in a report by other auditors; and Arthur Andersen and Company based its opinion solely on that report for amounts included for that office. In their opinion, the financial statements fairly present the financial position of the organization and results of operations and changes in fund balance as of December 31, 1984, and 1985 and conform to generally accepted accounting principles which are applied on a consistent basis.

B. REVIEW OF THE FINANCIAL STATEMENTS

The IIRR is a private development organization that prepares its financial statements on the fund basis of accounting. Fund accounting is a classification scheme that logically groups assets according to the purpose for which they were donated. These funds can be more broadly categorized as restricted or unrestricted funds. Restricted funds are funds that can only be used for specific purposes. Unrestricted funds are resources that can be used at the discretion of the organization's board of directors to carry on the operations of the organization. The PVO separates its activities into current unrestricted and restricted funds, property and equipment funds, and institute

self-sufficiency funds. Over 90% of IIRR's assets and liabilities are maintained in the current unrestricted and current restricted funds.

Fixed assets such as land and buildings are maintained in the property and equipment fund, which represents 8% of total assets. The funds which are in the institute self-sufficiency fund, finance farm production. These funds were less than 1% of total assets.

Over 86% of IIRR's assets were current assets comprised of cash, investments, and receivables. From 1984 to 1985, total assets increased 12%. This growth is a result of several transactions. Fixed assets, grants receivables, cash, and investments were the principal accounts affected. Cash and investments accounts showed a net reduction that was most probably due to using reserves to meet an excess of expenses over support and revenues. The increase in fixed assets included purchases made with funds received from Agency for International Development (AID). These funds were provided so that IIRR could purchase equipment to use in its operations. AID has the option to request title to the property at any time prior to completing its audit of the period and approving a final overhead rate.

IIRR is the recipient of various grants from the U.S. Government and other grantor organizations. The organization's grants receivable account increased 47% over the 1984 amount. Funds received from the U.S. Government, the organizations single largest grantor are included in the grants receivable fund and provided 45% of support in 1985. Because of the lack of further documentation, additional analysis could not be presented.

An analysis of total liabilities indicated that current assets were more than twice the amount of current liabilities.

This demonstrates that for every dollar of short-term debt there was over \$2.00 dollars in current assets to meet the obligations normally paid within one year. Included in current liabilities was deferred revenue representing the major component (over 80%) of liabilities. Deferred revenue corresponds to funds designated for future periods and consisted primarily of funds received from the German Freedom From Hunger organization. The remainder was made up of smaller amounts from other organizations.

The amount of total liabilities was less than total assets, the difference being the fund balances. The current unrestricted and current restricted fund balances represented 89% and 12%, respectively, of total fund balance. IIRR's total fund balance of \$1,124,490 increased minimally despite a deficiency in support and revenue compared to expenses. The primary reason was the recovery of an unrealized loss on investments. In other words, the organization increased the value of its investment portfolio as the result of increases in the market.

The deficiency was a result of total expenses exceeding total support and revenue received in 1985. As mentioned earlier, 45% or \$700,635 of support and revenue came from AID grant revenue. This grant revenue is a portion of a three-year matching grant initiated in 1984. The PVO must match the amount granted by AID through private and non-governmental sources. The amount of support and generated revenue from private sources equalled \$809,354, indicating that a sufficient amount had been received.

Furthermore, of the \$700,635 in AID grant revenue, \$133,894 was recorded in the current unrestricted fund and \$43,717 was reported in the property and equipment fund. The use of AID grant funds are normally restricted and usually are reflected in the restricted funds. ARS, however, did not have any documenta-

tion on the grant agreement and further analysis could not be provided. As discussed earlier, the revenue recognized in the property and equipment fund corresponded to the funds provided by AID for purchase of said equipment.

IIRR used 67% of its resources to support international programs. These programs were divided into three separate categories: international leadership training, field generational research, and international extension. Direct training costs, travel, transportation, salaries, and benefits represented 77% of these program expenses. The PVO had no domestic program costs, supporting services represented 33% and administrative and management expenses were 22%, and 11%, respectively, of total expenses. Over 50% of the PVO's supporting services consisted of salaries and related benefits.

C. REVIEW OF FOOTNOTES

The footnotes properly disclosed all relevant information to the financial statements. No further comment is necessary.

D. REVIEW OF CURRENT YEAR BUDGET

IIRR projected \$2,026,489 in support and revenue and \$1,996,489 in expenses with a surplus of support and revenue over expenses of \$30,000. The increment in income for 1986 will be the result of 45% and 32% increases in private contributions and U.S. Government support. The corresponding increases in private contributions and U.S. Government support probably refer to funds associated with a three-year matching grant program from AID initiated in 1984. The majority of resources will be allocated for international programs; no domestic programs are projected. Supporting services are budgeted to decrease minimally.

More importantly, the 1986 budget indicates there will be a surplus for the first time in two years. If the 1986 projections are achieved, the resulting surplus would halt a declining trend that could eventually hamper the PVO's financial health.

E. REVIEW OF ANNUAL REPORT

The annual report contained a summary financial statement representing data extracted from the audited financial statements of IIRR for the year ending December 31, 1985.

F. REVIEW OF IRS FORM 990

The IRS Form 990 did not agree with audited financial statements. Donated services of \$30,120 were not recorded; and a net realized gain on the sale of investments of \$7,443 was not included.

G. REVIEW OF AID FORM 1550-2

AID Form 1550-2 agreed with the audited financial statement of support, revenue, and expenditures.

H. OVERALL ASSESSMENT

As of December 31, 1985, the International Institute of Rural Reconstruction (IIRR) was in good financial condition despite recording a deficiency for the fourth time in five years. The organization's short-term financial strength depends on two primary factors: its working capital position and the speed with which it generates liquid assets. Working capital is the amount by which current assets exceed current liabilities. Working capital represents the margin of short-term debt-paying ability over short-term debt. The current ratio measures an

organization's ability to meet its short-run obligations is the acid-test ratio. A more rigorous measure of an organization's ability to pay off short-term obligations.

The PVO ended 1985 with a working capital balance of \$893,125, a current ratio of 2.17 to 1, and an acid-test ratio of 1.29 to 1. The current ratio indicates that for every 1 dollar of current liabilities there exists \$2.17 of current assets to liquidate these debts. The organization, therefore, had sufficient resources to satisfy its current obligations. However, it has shown a declining trend in working capital over the past three years which may be a reflection of the deficiencies the organization has suffered.

The IIRR received almost half of its support in a matching grant from AID in 1985. According to AID Form 1550-2, Part II, all of the funding provided to IIRR was spent on international programs. The incurred expenses are allowed under the grant restrictions. Most of AID funds are normally restricted, yet IIRR recorded \$133,894 of \$700,635 revenue in the unrestricted fund. Because of lack of documentation on the grant agreement, further analysis was not possible. Additionally, private contributions and generated revenue in 1985 exceeded the amount that IIRR was required to match.

APPENDIX AFINANCIAL RATIOS:

1. Fundraising costs as a percentage of funds raised and in-kind contributions:

Fundraising costs	<u>\$ 179,656</u>		
Contributions	\$ 583,553	=	30.79%

2. Fundraising costs as a percentage of total expenditures:

Fundraising costs	<u>\$ 179,656</u>		
Contributions	\$ 1,679,600	=	10.70%

3. General and administrative costs as a percentage of total expenditures:

Gen. and admin. costs	<u>\$ 374,671</u>		
Total expenditures	\$ 1,679,600	=	22.31%

4. Fundraising and general and administrative costs as a percentage of total expenditures:

Fundraising, gen. and admin. costs	<u>\$ 554,327</u>		
Total expenditures	\$ 1,679,600	=	33.00%

5. Domestic program costs as a percentage of total expenditures:

Domestic program costs	<u>\$ 0</u>		
Total expenditures	\$ 1,679,600	=	0.00%

6. Overseas program costs as a percentage of total expenditures:

Overseas program costs	<u>\$ 1,125,273</u>		
Total expenditures	\$ 1,679,600	=	67.00%

7. Total program costs as a percentage of total expenditures:

Total program costs	<u>\$ 1,125,273</u>		
Total expenditures	\$ 1,679,600	=	67.00%

8. Income distribution and 20% calculation:

A. Percentage of income derived from--

	<u>Amount</u>	<u>Percentage</u>
Private contributions	\$ 553,433	36.02%
Donations	30,120	1.96%
Revenue	225,801	14.70%
U.S. Government support - AID	700,635	45.60%
U.S. Government support - other	18,899	1.23%
Other government and international agency support	7,678	0.50%
TOTAL SUPPORT AND REVENUE	\$ 1,536,566	100.00%

B. Privatness percentage calculation:

The privatness percentage calculation was not included in this report because all relevant information was not available as of the date of this report.

N/A
=====

9. Fund balances:

	<u>Amount</u>	<u>Percentage</u>
Unrestricted	\$	0.00%
Designated	698,482	62.12%
Undesignated	187,986	16.72%
Restricted	141,329	12.57%
Institute self-sufficient	(37,356)	-3.32%
Property and equipment	<u>134,049</u>	<u>11.92%</u>
TOTAL FUND BALANCES	\$ 1,124,490	100.00%

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10. Total current liabilities as a percentage of the fund balances:

Current liabilities:

	<u>Amount</u>
Accounts payable and accrued expenses	\$ 60,608
Deferred revenue	548,471
Loans payable	90,270
Interfund payable	61,785
TOTAL CURRENT LIABILITIES	\$ 761,134 -----
Total current liabilities	<u>\$ 761,134</u>
Fund balances	\$ 1,124,490 = 67.69%

11. Number of days average expenditures included in the fund balances:

Daily average expenditures:

Total expenditures	<u>\$ 1,679,600</u>
Days in a year	365 = \$ 4,602

Number of days:

Total fund balance	<u>\$ 893,125</u>
Daily average expenditures	\$ 4,602 = 194 days

12. Computation of the acid-test and the current ratios:

QUICK AND CURRENT ASSETS

	<u>Amount</u>
Cash	
Unrestricted	\$ 114,444
Restricted	47,852
Investments	
Unrestricted	699,656
Restricted	<u>123,680</u>
Total quick assets	\$ 985,632
<hr/>	
Accounts receivable	\$ 155,739
Grants receivable	451,103
Interfund receivable	<u>61,785</u>
TOTAL CURRENT ASSETS	\$ 1,654,259 =====

Current Liabilities

	<u>Amount</u>
Accounts payable and accrued expenses	\$ 60,608
Deferred revenues	548,471
Loans payable	90,270
Interfund payable	<u>61,785</u>
TOTAL CURRENT LIABILITIES	\$ 761,134 =====

Acid-test ratio:

Quick assets	\$ <u>985,632</u>	
Current liabilities	\$ 761,134	= 1.29 to 1

Current ratio:

Current assets	\$ <u>1,654,259</u>	
Current liabilities	\$ 761,134	= 2.17 to 1

13. Analysis of selected items:

	1983	1984	1985
EXCESS (DEFICIENCY) OF SUPPORT AND REVENUE OVER EXPENDITURES	\$ 160,560	(137,231)	(143,034)
TOTAL ASSETS	\$ 1,825,371	1,695,168	1,907,362
TOTAL LIABILITIES	\$ 505,638	579,373	782,872
TOTAL FUND BALANCE	\$ 1,319,595	1,115,795	1,124,490
WORKING CAPITAL	\$ 1,172,520	978,582	893,125
20% CALCULATION	57%	53%	50%

PVO SUMMARY

PVO Name: International Institute of Rural Reconstruction

Address: 1775 Broadway
New York, N.Y. 10019

Contact Name: Ms. Doris Sard
Title: Executive Director

Fiscal Year Ending: December 31, 1985

1. x The PVO's status appears to have changed significantly with respect to the following conditions of registration:

2. The PVO's status does not appear to have changed significantly with respect to any of the conditions of registration.

John W. Woodly, CPA
Automation Research Systems, Ltd.

12-31-86

Date

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D C 20523

MAY 20 1987

ACTION MEMORANDUM TO THE (ACTING) ASSISTANT ADMINISTRATOR, FVA

FROM: DAA/FVA/PVC, Thomas A. McKay

Thomas McKay

SUBJECT: International Institute of Rural Reconstruction Matching Grant

1. Problem: Your approval is requested for support of the International Institute of Rural Reconstruction (IIRR) under a three year Matching Grant in the amount of \$1,680,000 and to obligate \$450,000 in FY 1987 grant funds to initiate this grant.
2. Background: IIRR since 1960 has fostered the development of rural communities in the developing world by encouraging the active participation of rural peoples in an integrated program of rural reconstruction. Its work is based on the Four-Fold Program of integrated rural reconstruction - education, livelihood, health and self-government - formulated some 60 years ago by IIRR's founder, Dr. Y. C. James Yen.

A Development Program Grant (DPG) was awarded to IIRR in 1977 to carry out the following activities: training through IIRR's International Leadership Training sessions; field activities within its "social laboratory" composed of 81 villages; and international extension through its affiliated National Rural Reconstruction Movements. The DPG was followed with MGI (FY 1980 - 83) for \$1.4 million to continue the activities supported through the DPG. IIRR's MGII (FY 1984-87) supported the expansion of IIRR's Leadership Training component and provided funding to enable the various national movements to collaborate with headquarters in research and training. The Summary and Background sections from the Second Interim Report on MGII are attached as Tab 1.

IIRR was evaluated in March 1987 by the International Science and Technology Institute, Inc. (ISTI), under our second series of PVO institutional development evaluations. The major conclusions and recommendations from this evaluation, while generally favorable, note several areas of concern (Tab 2). These include: (a) IIRR in its research activity should pay more attention to quantification; (b) IIRR's experience base is largely Philippine and requires a more international perspective; and (c) IIRR's training function needs

strengthening in both its management and curriculum. The most important evaluation finding for FVA/PVC, is that IIRR's attention to international extension of its rural development approach still needs strengthening. Our long term interest in supporting IIRR is that this successful approach should spread to more countries, whether by leadership training, by fostering new national rural reconstruction movements, or by use of the approach by other types of indigenous PVO's (See Tab 2, Summary, pp. v-vi; and Conclusion, p. 37-39). Along with our assistance, support of IIRR by A.I.D. Missions (as was successfully done in Guatemala) could be important in provoking the growth of a system of national rural reconstruction movements.

3. Proposed Program: IIRR's current proposal indicates four areas of concentration: (1) the Appropriate Technology Unit's new programs and projects; (2) the enhanced role of the IIRR "Alumni"; (3) expanded efforts in the International Training Division including an increased number of on-site regional and national trainings; and (4) an enhancement of the roles of the National Rural Reconstruction Movements (NRRM). Currently NRRMs are found in the Philippines, Colombia, Guatemala, Ghana, Thailand and India. MGIII funding would fund NRRMs in Guatemala and Thailand. India will be added if PVC receives concurrence from A.I.D./New Delhi. A copy of IIRR's proposal for MGIII is attached as Tab 3.

The anticipated outputs of MGIII include:

- A. Increased number of international training courses aimed at meeting the particular needs of Third World development agencies.
- B. A strengthened, internationalized, culturally adaptable training curriculum which draws on the actual rural reconstruction experiences of IIRR, NRRMs and the training alumni around the world, and which meets the specific needs of Third World participants and institutions.
- C. Increased on-site regional, national or topical training in collaboration with NRRMs and/or training alumni associations.
- D. Closer linkages with development agencies and the international RR network through publications and conferences.
- E. Increased number of training course participants from Third World organizations and countries, especially Africa, via new recruitment strategies.
- F. Systematization of development of new training modules and resource materials to improve impact of NRRM and Alumni training programs in their regions.

- G. Computerization of processes of analyses, synthesis and evaluation of new knowledge gained in rural development through field experience, and development of new modes of communicating and sharing that knowledge.

Evaluation: The ISTI Report notes "as a result of its attention to the analysis of what is occurring in its development activities in the field, IIRR does pay considerable attention to evaluation...but IIRR's evaluation process does not put emphasis on comparing costs and benefits systematically...to assist it in making decisions either about its own program mix or the techniques to be followed in its field activities."

The present proposal contains no benchmarks or indicators for an evaluation during the LOP of MGIII. Furthermore, the proposed outputs for the current proposal are stated so generically that they would be of little help in developing an evaluation SOW. IIRR will address these concerns in a report drafted within six months of the date of the grant agreement and submit a detailed implementation plan to PVC by January 15, 1983 concerning years 2 and 3 of the program.

4. Budget: IIRR's proposal requested a minimum of \$1,350,000 and a maximum level of \$1,985,000. The recommended funding level is \$1,650,000 for which IIRR will provide a cash match of \$1,920,487. Additionally, A.I.D. will fund one external evaluation for \$30,000. Due to IIRR's need to decide much more specifically on the future directions of its program, our proposed support for FY 1987 is \$450,000, reduced from the earlier level of \$650,000/year. Future support of \$600,000 annually is contingent upon IIRR making sufficient progress in internationalizing its programs. Budget details can be found in Tab 5.

Budget Summary (\$000)

	<u>Total</u>	<u>A.I.D. M.G.</u>	<u>PVO Cash Match</u>
International Training	1,642,536	572,584	1,069,952
International Extension	1,200,213	741,114	459,099
Indirect Costs	727,738	336,302	391,436
Evaluation	<u>30,000</u>	<u>30,000</u>	<u>-</u>
TOTAL	3,600,487	1,680,000	1,920,487

Procurement will follow the general order of precedence as necessary for orderly implementation of the project. No Code 935 or restricted procurement is anticipated under this project.

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5. Country Clearance: A.I.D. Mission input was solicited from the Philippines (headquarters), Guatemala, Thailand, and India. Positive responses have been received from the Philippines, Guatemala and Thailand. No MG activity for India will be funded unless concurrence is received from the New Delhi Mission. See Tab 6.
6. Significant Issues: As noted in the Issues Paper and the Committee Report - see Tab 4 for both - PVC is aware that IIRR presently is going through a critical period of transition and that MGIII should serve as a vehicle to provide a positive influence in IIRR's future direction. FVA/PVC has encouraged IIRR to develop a strategic plan that emphasizes a further internationalization of IIRR's extension and outreach activities (training). We have also expressed concern about the heavy dependence IIRR has had on MG funding. See Tab 7.

In order to be properly supportive of this important rural development program experiencing a critical period of transition, PVC will monitor this MG in a rigorous manner. It should be noted in the grant agreement that the increased funding level for years two and three of the grant will depend on a satisfactory completion of an FVA/PVC review of the following: (a) IIRR's willingness to implement at the field level the IIRR Board's recommendation to embark on a strategic planning exercise to include both long and short range indicators of accomplishment; (b) IIRR's continuing efforts in internationalizing its extension and its training capacity (especially through tapping and enhancing the talents of its alumni); and (c) agreement between IIRR and PVC on a SOW for an external evaluation to be conducted in FY 1989.

7. Recommendation: That you approve the proposed three year Matching Grant to IIRR with an LOP authorization of \$1.680 million and obligate \$450,000 in FY 1987 to initiate this FVA/PVC grant.

APPROVED: Walter Buyer
DISAPPROVED: _____
DATE: 5.27.87

ATTACHMENTS:

- Tab 1. Second Interim Report - Summary and Background Section
- Tab 2. ISTI Evaluation - Summary and Major Conclusions
- Tab 3. IIRR's Proposal for Matching Grant III
- Tab 4. PVC Issues Paper and Committee Report
- Tab 5. Detailed Budget Request

- Tab 6. Country Clearances
- Tab 7. McKay-to-O'Brien Letter, Jan. 5, 1987
- Tab 8. CN: Advice of Program change and CP Activity Data Sheet

Clearances:

FVA/PVC: K.Poe	<u>K.Poe</u>	Date:	<u>5/22</u>
FVA/PVC, S.Bergen	<u>SMB</u>	Date:	<u>5/22</u>
FVA/PPM, LStamberg	<u>LS</u>	Date:	<u>5/22</u>

FVA/PVC:SMacCarthy:mn:5/11/87:revised:aob 5/12/87
5370I

ORIGINAL

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D C 20523

AUG 18 1987

Mr. Robert F. O'Brien
Vice President
INTERNATIONAL INSTITUTE OF RURAL RECONSTRUCTION
1775 Broadway
New York, NY 10019

SUBJECT: Cooperative Agreement No. OTR-0286-A-00-7132-00

Dear Mr. O'Brien:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A.I.D." or "Grantor") hereby provides to the International Institute of Rural Reconstruction (hereinafter referred to as "IIRR" or "Recipient"), the sum of \$1,680,000 to provide support for a program to increase Recipient's development management capability to indigenous institutions as described in the Schedule and the Program Description of this Cooperative Agreement.

This Cooperative Agreement is effective July 1, 1987 and shall apply to commitments made by the Recipient in furtherance of program objectives during the period beginning with the effective date and ending June 30, 1990.

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

Please acknowledge your receipt of this grant by having an authorized official sign all copies, retain one copy for your files, and return the remaining copies to this office being sure to return any copies marked "Funds Available".

Sincerely yours,



Carolyn R. Eldridge
Grant Officer
Management Support Branch
A.I.D./Washington Projects Division
Office of Procurement

Enclosures:

1. Schedule
2. Program Description
3. Standard Provisions
4. Payment Forms
5. Report Guidance

ORIGINAL

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ACKNOWLEDGED:

INTERNATIONAL INSTITUTE OF RURAL RECONSTRUCTION

BY

TYPED/PRINTED NAME

TITLE

DATE

Robert F O'Brien
ROBERT F. O'BRIEN
VICE - PRESIDENT
1 Sept 87

Fiscal Data

PIO/T No.:	7381311
Appropriation No.:	72-1171021.3
Allotment No.:	743-38-099-00-76-71
Budget Plan Code:	EDNA87-13810-KG11
Previous Obliga.:	\$ 0
This Obligation:	\$ 450,000
Total Obligation:	\$ 450,000
Life-of-Grant Cost:	\$1,680,000
DUNS No.:	072812779
Technical Office:	S.MacCarthy, FVA/PVC
Funding Source:	A.I.D./W
Document No.:	44280

FUNDS AVAILABLE

J. Hodder
AUG 24 1987
o/c 4190

Program Acctg Fin Division
Office of Financial Management

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SCHEDULE

A. Purpose of Grant

The purpose of this Cooperative Agreement is to provide support to increase Recipient's development management capability to indigenous institutions, as more specifically described in Enclosure 2 to this Cooperative Agreement entitled "Program Description." and the Recipient's proposal dated October, 1986 which is incorporated herein by reference. In the event of an inconsistency between the Recipient's proposal, the program description, and this schedule; the schedule and then the program description shall take precedence.

B. Period of Cooperative Agreement

1. The effective date of this Cooperative Agreement is July 1, 1987. The expiration date of this Cooperative Agreement is June 30, 1990.

2. Funds obligated hereunder are available for program expenditures for the period from July 1, 1987 to June 30, 1988 as shown in D below. In the event there are funds remaining after this date, the Recipient is authorized to utilize them for the purposes of the Agreement as long as they are used within the period shown in B.1 above.

C. Method of Payment and Amount of Cooperative Agreement

1. The total A.I.D. estimated amount of this Cooperative Agreement for the period shown in B.1 above is \$1,680,000.

2. A.I.D. hereby obligates the amount of \$480,000 for program expenditures during the period set forth in B.2. above and as shown in D below.

3. Additional funds up to the total amount of the Cooperative Agreement shown in C.1. above may be obligated by A.I.D. subject to the availability of funds, and to the requirements of the Standard Provision of the Cooperative Agreement, entitled "Revision of Budget"

4. Payment shall be made to the Recipient in accordance with procedures set forth in Attachment 3, Standard Provision No. 1., entitled "Payment - Letter of Credit".

D. Budget

The following is the budget for this Cooperative Agreement. Revisions to this budget shall be made in accordance with the Standard Provision of this Cooperative Agreement, entitled "Revision of Budget".

Cost Element	FR: 7/01/87 TO: 6/30/87	FR: 7/01/88 TO: 6/30/90	Total Amt. FR: 7/01/87 TO: 6/30/90	Total Cost Sharing Arrangement	
				A.I.D.	Recipient
Int'l Train.	\$ 498,880	\$1,143,736	\$1,642,616	\$ 572,584	\$1,070,032
Int'l Exten.	354,150	876,063	1,230,213	741,114	489,099
Evaluation	0	30,000	30,000	30,000	0
IDC/OH	218,350	509,388	727,738	336,302	391,436
TOTAL	<u>\$1,071,380</u>	<u>\$2,559,187</u>	<u>\$3,630,567</u>	<u>\$1,680,000</u>	<u>\$1,950,567</u>
A.I.D. Cum:	\$ 450,000	\$1,230,000	\$1,680,000	\$1,680,000	N/A
Recip. Cum:	\$ 621,380	\$1,329,187	\$1,950,567	N/A	\$1,950,567

1. Flexibility -- Recipient is allowed 15% flexibility among programmatic line items in the budget with the exception of evaluation, procurement, and indirect cost. No flexibility is authorized for the evaluation, procurement, and indirect cost line items. The Recipient must obtain written authorization from the Grant Officer to exceed the percentage of flexibility among programmatic line items or to make any changes in the evaluation, procurement, or indirect cost line items.

2. Cost-Sharing Arrangement -- The Recipient has agreed to expend from their non-Federal funds by the end of the life-of-program (LOP) period at a ratio of at least 1 to 1. The only exception to this is the evaluation contract in the amount of \$30,000 which does not require any Recipient match. The Recipient is required to meet the requirements of the Standard Provision of this Agreement entitled "Cost Sharing/Matching".

If this award was made on the basis that the Recipient has offered to cost share at a rate greater than 1 to 1, the Recipient is required to notify the Grant Officer of any changes in the amount to be cost shared by the Recipient in accordance with the Standard Provision entitled "Revisions to Grant Budget". Such a change may impact on future funding decisions under the Agreement.

3. Procurement -- The Recipient shall use their own private cost-share funds for all non-U.S. procurements.

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E. Substantial Involvement

1. Countries -- The following countries are approved for direct in-country program support under the Agreement: The Philippines, Guatemala and Thailand.

Other countries may be approved during the period of the Agreement. Such approval will be communicated by A.I.D. in writing after consultation with the relevant A.I.D. Mission.

2. The scope of work for the project evaluation shall be developed with and the evaluator(s) chosen to carry out this activity must be approved in advance by the project officer. The project officer is to participate in the pre- and post-evaluation briefings and is to receive six (6) copies of the completed evaluation report for the project officer and one copy for each country evaluated.

F. Reporting and Evaluation

1. Ten copies of the Annual Report plus one copy for the A.I.D. Mission in each target country in the program shall be submitted to the project officer 60 days prior to each anniversary date of this Agreement. Annual reports shall describe project activities and the Recipient's financial contribution to the project. Guidance for Periodic and Final Reports to A.I.D. on Accomplishments under this Agreement is provided as Enclosure 5 for illustrative purposes. A.I.D. is in the process of submitting this guidance format to OMB for their clearance. Once the OMB clearance is obtained, the suggested format shall be required.

The Annual Report shall also include a country data sheet for each subproject activity and shall be furnished in the standard format prescribed by project officer for its grant information system (A.I.D. Form 1550-11 included with Enclosure 5). Other current grants or cooperative agreements to the Recipient, such as Operational Program Grants (OPGs), shall be noted in the report with an explanation of any relationship of such assistance instruments to this Agreement.

2. By the last day of the Cooperative Agreement period, one copy of the final report (last annual report) shall be submitted to the project officer and to the grant officer whose address appears on the Cooperative Agreement cover letter. The report shall include the following information as well as those items included in Enclosure 5 of this Agreement:

a. a comparison of actual accomplishments with the goals established for the Cooperative Agreement period,

b. reasons why established goals were not met, and

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c. other pertinent information including, when appropriate, analysis and explanations of cost overruns, or unusually high expenses.

3. Prior to the required final performance reporting date, events may occur that have significant impact upon the project. In such instances, the Recipient shall inform the Grant Officer as soon as the following types of conditions become known:

a. Problems, delays, or adverse conditions that shall materially affect the ability to attain program objectives, prevent the meeting of time schedules and goals, or preclude the attainment of project work activities by the established time period. This disclosure shall be accompanied by a statement of the action taken or contemplated and any assistance needed to resolve the situation.

b. Favorable developments or events that enable time schedules to be met sooner than anticipated or more work activities to be performed than originally projected.

4. Evaluation -- Self-evaluation shall be conducted by the Recipient in accordance with its normal evaluation program as described in its proposal which has been incorporated herein by reference. In addition, from time-to-time A.I.D. officers, with prior notification to the Recipient's headquarters shall visit selected project sites. The budget shown in D above includes funds to contract for a project evaluation in the final year of the Agreement. Special requirements for this project evaluation are delineated under the Substantial Involvement provision of this Agreement.

G. Indirect Cost Rates

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

Type of Rate:	Provisional Overhead
Rate:	25.6%
Base:	Total Direct Costs but excluding equipment and capital expenditures.
Period:	01/01/83 until Amended

H. Title to Property

Title to all property purchased under this Cooperative Agreement shall be vested in the Recipient and subject to the Standard Provisions entitled "Title to Property - Grantee".

I. Special Provisions

1. Travel -- The standard provision requiring advance notification of the Recipient's travel intentions overseas is waived for this Agreement.

PROGRAM DESCRIPTION

A. Program Goal

The goal of the this grant is to provide increased development management capabilities to indigenous institutions.

B. Program Purpose

The purpose of this grant is to increase the scope and impact of the training and outreach capability of IIRR, its network of affiliated National Rural Reconstruction Movement (NRRMs), its network of RR Alumni, specifically through the development and transfer of technology for rural development.

C. Principal Activities

To accomplish the goal and purpose, IIRR has agreed to achieve the following outputs in key program areas.

1. Increased number of international training courses aimed at meeting the particular needs of Third World development agencies.

2. A strengthened, internationalized, culturally adaptable training curriculum which draws on the actual rural reconstruction experiences of IIRR, NRRMs and the training alumni around the world, and which meets the specific needs of Third World participants and institutions.

3. Increased on-site regional, national or topical trainings in collaboration with NRRMs and the training alumni around the world, and which meets the specific needs of Third World participants and institutions.

4. Closer linkage with development agencies and the international RR network through publications and conferences.

5. Increased number of training course participants from Third World organizations and countries, especially Africa, via new recruitment strategies.

6. Systematization of development of new training modules and resource materials to improve impact of NRRM and Alumni training programs in their regions.

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D. Program Management

Mr. Robert F. O'Brien, Vice President (United States) for IIRR shall be principally responsible for the overall management and implementation of the Matching Grant Program. Program authority rests with the Directors of its principal operating units: International Training, Fields Operations, Operational Research, Extension/Outreach, Appropriate Technology Unit and Communications Divisions. The directors of these divisions are responsible to the Vice President for Philippine Operations, who is responsible for day-to-day supervision of program operations; IIRR's Vice President for U.S. Operations is responsible for committee structure ensures bi-monthly coordinating between its operating units located on its Silang campus and its pool of Four-Fold Specialists (in health, education, livelihood and self-government) and the staff of the Institute's Communications Division.

E. Proposed Evaluation Plan

A "Conceptual Framework for Rural Reconstruction" has been designed to assist IIRR staff in systematizing and coordinating the Institute's broadly-based system of continual evaluation. This set of guiding principles helps to outline the expected achievements and implementation procedures of each program or project. An additional set of Operational Research Questions, formulated on the basis of the Conceptual Framework, guides IIRR's staff in establishing specific program and/or project objectives and the development of implementation plans.

A.I.D. has expressed concern's about the rigorousness of IIRR's commitment to evaluation activity. As this grant contains no benchmarks or indicators for evaluation during the life-of-project, A.I.D. requires IIRR obtain an external evaluation be conducted in FY 1989 on this grant's statement of work. This evaluation shall be incorporated into IIRR's first report to A.I.D., due six months from the date of this grant agreement.

MANDATORY STANDARD PROVISIONS FOR
U.S., NONGOVERNMENTAL GRANTEES¹

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MANDATORY STANDARD PROVISIONS

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1. ALLOWABLE COSTS (NOVEMBER 1985)

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

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

2. ACCOUNTING, AUDIT, AND RECORDS (MARCH 1987)

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

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

¹When these Standard Provisions are used for cooperative agreements, the following terms apply: "Grantee" means "Recipient," "Grant" means "Cooperative Agreement," and "AID Grant Officer" means "AID Agreement Officer."

- (2) Records that identify adequately the source and application of funds for AID-sponsored activities. These records shall contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, and income.
- (3) Effective control over and accountability for all funds, property, and other assets. Grantee shall adequately safeguard all such assets and shall ensure that they are used solely for authorized purposes.
- (4) Comparison of actual outlays with budget amounts for each grant. Financial information should be related to performance and unit-cost data whenever appropriate.
- (5) Procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and the disbursement by the recipient, whenever funds are advanced by the Federal Government.
- (6) Procedures for determining the reasonableness, allowability, and allocability of costs in accordance with the provisions of the applicable Federal cost principles and the terms of the grant.
- (7) Accounting records that are supported by documentation that at a minimum will identify, segregate, accumulate, and record all costs incurred under a grant and which fully disclose (i) the amount and disposition by the grantee of the proceeds of such assistance, (ii) the total cost of the project or undertaking in connection with which such assistance is given or used, (iii) the amount of that portion of the cost of the project or undertaking supplied by other sources, and (iv) such other records as will facilitate an effective audit.
- (8) Examinations in the form of audits or internal audits shall be made by qualified individuals that are sufficiently independent of those that authorize the expenditure of AID funds, to produce unbiased opinions, conclusions, or judgments. They shall meet the independence criteria along the lines of Chapter IV, Part B of the U.S. General Accounting Office Publication Standards for Audit of Governmental Organizations, Programs, Activities, and Functions (1981 Revision). These examinations are intended to ascertain the effectiveness of the financial management systems and internal procedures that have been established to meet the terms and conditions of the grant. It is not intended that each grant awarded to the grantee be examined. Generally, examinations should be conducted on an organization-wide basis to test the fiscal integrity of financial transactions, as well as compliance with the terms and conditions of the AID grant. Such tests would include an appropriate sampling of Federal grants and agreements. Examinations will be conducted with reasonable frequency, on a continuing basis or at scheduled intervals, usually annually, but not less frequently than every two years. A copy of the audit report shall be furnished to the AID grant officer who shall submit it to AID's Regional Inspector General for Audit. The frequency of these examinations shall depend upon the nature,

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size, and the complexity of the activity. These grantee self-examinations do not relieve AID of its audit responsibilities, but may affect the frequency and scope of such audits.

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

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

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

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

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

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

3. REFUNDS (MAY 1986)

(a) The grantee shall remit to AID all interest earned on funds provided by AID.

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

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

4. REVISION OF GRANT BUDGET (NOVEMBER 1985)

(a) The approved grant budget is the financial expression of the grantee's program as approved during the grant award process.

(b) The grantee shall immediately request approval from the grant officer when there is reason to believe that within the next 30 calendar days a revision of the approved grant budget will be necessary for the following reasons:

(1) Changes in the scope or the objectives of the program and/or revisions in the funding allocated among program objectives.

(2) The need for additional funding.

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

(4) The grantee plans to transfer funds budgeted for indirect costs to absorb increases in direct costs or vice versa.

(5) The grantee intends to contract or subgrant any of the substantive programmatic work under this grant, and such contracts or subgrants were not included in the approved grant budget.

(6) The grantee plans to incur an expenditure which would require advance approval in accordance with the applicable Federal cost principles and was not included in the approved grant budget.

(7) The grantee plans to transfer funds allotted for training allowances to other categories of expense.

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

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

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

pursuant to the standard provision of this grant, entitled "Termination and Suspension."

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

5. TERMINATION AND SUSPENSION (MAY 1986)

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

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

(c) Suspension: Termination for Changed Circumstances. If at any time AID determines that continuation of funding for a program should be suspended or terminated because such assistance is not in the national interest of the United States 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.

(d) Termination Procedures. Upon receipt of and in accordance with a termination notice as specified in either paragraph (a) or (b) above, the grantee shall take immediate action to minimize all expenditures and obligations financed by this grant and shall cancel such unliquidated obligations whenever possible. Except as provided below, no further reimbursement shall be made after the effective date of termination. The grantee shall within 30 calendar days after the effective date of such

termination repay to the Government all unexpended AID funds which are not otherwise obligated by a legally binding transaction applicable to this grant. Should the funds paid by the Government to the grantee prior to the effective date of the termination of this grant be insufficient to cover the grantee's obligations in the legally binding transaction, the grantee may submit to the Government within 90 calendar days after the effective date of such termination a written claim covering such obligations. The grant officer shall determine the amount(s) to be paid by the Government to the grantee under such claim in accordance with the applicable cost principles.

6. DISPUTES (March 1987)

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

(b) Decisions of the AID grant officer shall be final unless, within 30 days of receipt of the decision of the grant officer, the grantee appeals the decision to AID's Associate Assistant to the Administrator for Management. Any appeal made under this provision shall be in writing and addressed to the Associate Assistant to the Administrator for Management, Agency for International Development, Washington, D.C. 20523. A copy of the appeal shall be concurrently furnished to the grant officer.

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

(d) A decision under this provision by the Associate Assistant to the Administrator for Management shall be final.

7. INELIGIBLE COUNTRIES (MAY 1986)

Unless otherwise approved by the AID grant officer, funds will only be expended for assistance to countries eligible for assistance under the Foreign Assistance Act of 1961, as amended, or under acts appropriating funds for foreign assistance.

8. NONDISCRIMINATION (MAY 1986)

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

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

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

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

10. NONLIABILITY (NOVEMBER 1985)

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

11. AMENDMENT (NOVEMBER 1985)

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

12. NOTICES (NOVEMBER 1985)

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

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

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

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

(END OF MANDATORY STANDARD PROVISIONS)

ADDITIONAL STANDARD PROVISIONS FOR
U.S. , NONGOVERNMENTAL GRANTEES

The following standard provisions which have been checked are hereby incorporated into the grant/agreement.

- | | |
|---|-------------------------------------|
| 1. Payment - Letter of Credit | <input checked="" type="checkbox"/> |
| 2. Payment - Periodic Advance | <input type="checkbox"/> |
| 3. Payment - Cost Reimbursement | <input type="checkbox"/> |
| 4. Air Travel and Transportation | <input checked="" type="checkbox"/> |
| 5. Ocean Shipment of Goods | <input type="checkbox"/> |
| 6. Procurement of Goods and Services | <input checked="" type="checkbox"/> |
| 7. AID Eligibility Rules for Goods and Services | <input checked="" type="checkbox"/> |
| 8. Subagreements | <input checked="" type="checkbox"/> |
| 9. Local Cost Financing | <input type="checkbox"/> |
| 10. Patent Rights | <input type="checkbox"/> |
| 11. Publications | <input checked="" type="checkbox"/> |
| 12. Negotiated Indirect Cost Rates - Predetermined | <input type="checkbox"/> |
| 13. Negotiated Indirect Cost Rates - Provisional | <input type="checkbox"/> |
| 14. Regulations Governing Employees | <input type="checkbox"/> |
| 15. Participant Training | <input type="checkbox"/> |
| 16. Voluntary Population Planning | <input type="checkbox"/> |
| 17. Protection of the Individual as a Research Subject | <input type="checkbox"/> |
| 18. Care of Laboratory Animals | <input type="checkbox"/> |
| 19. Government Furnished Excess Personal Property | <input type="checkbox"/> |
| 20. Title to and Use of Property (Grantee Title) | <input checked="" type="checkbox"/> |
| 21. Title to and Care of Property (U.S. Government Title) | <input type="checkbox"/> |
| 22. Title to and Care of Property (Cooperating Country Title) | <input type="checkbox"/> |
| 23. Cost Sharing (Matching) | <input type="checkbox"/> |
| 24. Use of Pouch Facilities | <input type="checkbox"/> |
| 25. Conversion of United States Dollars to Local Currency | <input type="checkbox"/> |

Payment - Letter of Credit (NOVEMBER 1985)

(This provision is applicable only when the following conditions are met: (i) the total advances under all the grantee's cost-reimbursement contracts and assistance instruments with AID exceed \$120,000 per annum, (ii) AID has, or expects to have, a continuing relationship with the grantee for at least one year; (iii) the grantee has the ability to maintain procedures that will minimize the time elapsing between the transfer of funds and the disbursement thereof; (iv) the grantee's financial management system meets the standards for fund control and accountability required under the standard provision of this grant, entitled "Accounting, Audit, and Records" and, either (v) the foreign currency portion of the total advance under this grant is less than 50% or (vi) the foreign currency portion of the total advance under this grant is more than 50% but more than one foreign currency country is involved.)

(a) Payment under this grant shall be by means of a Letter of Credit (LOC) in accordance with the terms and conditions of the LOC and any instructions issued by AID's Office of Financial Management, Program Accounting and Finance Division (M/FM/PAFD).

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

(c) Reporting:

(1) A "Financial Status Report" SF-269, shall be prepared on an accrual basis and submitted quarterly no later than 30 days after the end of the period, in an original and two copies to AID/M/FM/PAFD, Washington, D.C. 20523. If the grantee's accounting records are not normally kept on the accrual basis, the grantee shall not be required to convert its accounting system, but shall develop such accrual information through best estimates based on an analysis of the documentation on hand. The final report must be submitted within 90 days after the conclusion of the grant to M/FM/PAFD. In cases where grants are Mission funded, the Grantee will forward an information copy to the AID Mission accounting station at the same time the original and one copy are mailed to M/FM/PAFD, AID/Washington.

(2) The grantee shall submit an original and one copy of SF-272, "Federal Cash Transactions Report," within 15 working days following the end of each quarter to M/FM/PAFD. Grantees receiving advances totaling more than \$1 million per year shall submit the SF-272 on a monthly basis within 15 working days following the close of the month. Grantees shall report all cash advances in the remarks section of SF-272. Those cash advances in excess of immediate disbursement requirements in the hands of subrecipients or the grantee's field organizations shall be supported by short narrative explanations of actions taken by the grantee to reduce the excess balances.

(d) Revocation of the LOC is at the discretion of the authorized LOC certifying officer of M/FM/PAFD after consultation with the grant officer. Notification of revocation must be in writing and must specify the reason for revocation. M/FM/PAFD shall provide the grant officer a copy of the revocation notice and a recommendation for an alternative method of payment (periodic advance or cost reimbursement) based upon the reasons for the revocation. The grant officer shall immediately amend this agreement to provide for an appropriate alternative method of payment. The recipient may appeal any such revocation to the grant officer.

(END OF STANDARD PROVISION)

PAYMENT - PERIODIC ADVANCE (NOVEMBER 1985)

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

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

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

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

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

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

(END OF STANDARD PROVISION)

PAYMENT - COST REIMBURSEMENT (NOVEMBER 1985)

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

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

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

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

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

(END OF STANDARD PROVISION)

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AIR TRAVEL AND TRANSPORTATION (NOVEMBER 1985)

(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 at least 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 U.S. Mission or Embassy, 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 U.S. Government S.F. 1169, Transportation Request (GTR) which the grantee may exchange for tickets, or AID will issue the tickets directly. Use of such U.S.-owned currencies will constitute a dollar charge to this grant.

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

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

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

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

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

(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.

5f) Except as provided in paragraph (b) of this section, U.S. flag air carrier service must be used for all Government-financed commercial foreign air travel if service provided by such carriers is available. In determining availability of a U.S. flag air carrier, the following scheduling principles should be followed unless their application results in the last or first leg of travel to or from the United States being performed by foreign air carrier:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) International Travel

(1) As used herein, the term "international travel" means travel to all countries other than those within the home country of the traveler. Travel outside the United States includes travel to the U.S. Trust Territories of the Pacific Islands.

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

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

(END OF STANDARD PROVISION)

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OCEAN SHIPMENT OF GOODS (MAY 1986)

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

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

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

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

(END OF STANDARD PROVISION)

PROCUREMENT OF GOODS AND SERVICES (November 1985)

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

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

(a) General Requirements:

(1) The recipient shall maintain a code or standards of conduct that shall govern the performance of its officers, employees or agents engaged in the awarding and administration of contracts using AID funds. No employee, officer or agent shall participate in the selection, award or administration of a contract in which AID funds are used, where, to that individual's knowledge, the individual or the individual's immediate family, partners, or organization in which the individual or the individual's immediate family or partners has a financial interest or with whom that individual is negotiating or has any arrangement concerning prospective employment. The recipients' 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 recipients' 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/offeror 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/offeror 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.

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

(iii) Positive efforts shall be made by the 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 solicitations or specifications can be obtained.

(iv) The type of procuring instruments used, e.g. fixed price contracts, cost reimbursable contracts, purchase orders, incentive contracts, shall be determined by the 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.

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

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

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

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

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

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

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

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

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

(10) Contracts in excess of \$100,000 to be performed in the United States shall contain a provision that requires the contractor to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act of 1970 (42 U.S.C. 7401) and the Federal Water Pollution Control Act (40 CFR 15) as amended. Violations shall be reported to AID and the Regional Office of the Environmental Protection Agency.

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

(END OF STANDARD PROVISION)

AID ELIGIBILITY RULES FOR GOODS AND SERVICES (NOVEMBER 1985)

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

(a) Ineligible and Restricted Goods and Services: If AID determines that the grantee has procured any of the restricted or ineligible goods and services specified below, or has procured goods and services from unauthorized sources, and has received reimbursement for such purpose without the prior written authorization of the grant officer, the grantee agrees to refund to AID the entire amount of the reimbursement. AID's policy on ineligible and restricted goods and services is contained in Chapter 4 of AID Handbook 1, Supplement B, entitled "Procurement Policies".

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

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

(2) Ineligible Suppliers. Funds provided under this grant shall not be used to procure any goods or services furnished by any firms or individuals whose name appears on the AID Consolidated List of Debarred, Suspended, and Ineligible Awardees under AID Regulation 8, entitled "Debarment, Suspension and Ineligibility" (22 CFR 208). AID will provide the grantee with a copy of this list upon request.

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

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

(b) Source, Origin, and Nationality: The eligibility rules for goods and services are based on source, origin, and nationality and are divided into two categories. One applies when the total procurement during the life of the grant is over \$250,000 and the other applies when the total procurement element during the life of the grant is not over \$250,000. The total procurement element includes procurement of all goods (e.g., equipment, materials, supplies) and services. Guidance on the eligibility of specific goods or services may be obtained from the grant officer. AID policies and definitions on source, origin, and nationality are contained in Chapters 4 and 5 of AID Handbook 1, Supplement B, entitled "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 U. S. 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 000),
- (B) The Cooperating Country,
- (C) "Selected Free World" countries (AID Geographic Code 941), and
- (D) "Special Free World" countries (AID Geographic Code 935).

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

- (A) The procurement was of an emergency nature, which would not allow for the delay attendant to soliciting U.S. sources,
- (B) The price differential for procurement from U.S. sources exceeded by 50% or more the delivered price from the non-U.S. source,
- (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 U. S. dollars, shall be procured in and shipped from the U. S. (Code 000) 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 premium is made to, and the insurance policy is issued by an insurance company located in that country. Eligible countries for placement are governed by the authorized geographic code, except that if Code 941 is authorized, the Cooperating Country is also eligible. Section 604(d) of the Foreign Assistance Act requires that if a recipient country discriminates by statute, decree, rule, or practice with respect to AID-financed procurement against any marine insurance company authorized to do business in the U. S., then any AID-financed commodity shipped to that country shall be insured against marine risk and the insurance shall be placed in the U. S. with a company or companies authorized to do marine insurance business in the U. S.

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

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

- (1) The United States (AID Geographic Code 000),
- (2) The Cooperating Country,
- (3) "Selected Free World" countries (AID Geographic Code 941), and
- (4) "Special Free World" countries (AID Geographic Code 899).

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

(END OF STANDARD PROVISION)

SUBAGREEMENTS (NOVEMBER 1985)

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

(a) Funds provided under this grant shall not be used to support any subrecipient whose name appears on the AID Consolidated List of Debarred, Suspended, or Ineligible Awardees under AID Regulation 8, entitled "Debarment, Suspension and Ineligibility" (22 CFR 208). AID will provide the grantee with a copy of this list upon request.

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

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

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

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

(4) 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.

(END OF STANDARD PROVISION)

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LOCAL COST FINANCING (MAY 1986)

(This provision applies only when local costs are authorized by the grant, and must be used with the standard provision entitled "Procurement of Goods and Services.")

(a) Costs qualifying as local costs are eligible for financing under the grant in accordance with the terms of this standard provision. Local costs are defined as (1) indigenous goods, (2) imported shelf items, and (3) services provided by suppliers meeting the requirements contained in subparagraph (b). Indigenous goods are those that have been mined, grown or produced in the cooperating country through manufacture, processing or assembly. In the case of produced goods containing imported components, to qualify as indigenous a commercially recognized new commodity must result that is substantially different in basic characteristics or in purpose or utility from its components. Imported shelf items are goods that are normally imported and kept in stock, in the form in which imported, for sale to meet a general demand in the country for the item.

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

(b) To qualify as local costs, goods and services must also meet the following additional requirements:

- (1) They must be paid for in local currency.
- (2) They must not be specifically imported for this grant.
- (3) The supplier must be located in the cooperating country and must be of cooperating country nationality as defined in AID Handbook 1B, Chapter 5.
- (4) Any component from a country not included in AID geographic code 935 renders a commodity ineligible for financing.

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

- (1) Military equipment,
- (2) Surveillance equipment,
- (3) Commodities and services for support of police or other law enforcement activities,
- (4) Abortion equipment and services,
- (5) Luxury goods and gambling equipment, or
- (6) Weather modification equipment.

(d) Ineligible Suppliers: Funds provided under this grant shall not be used to procure any goods or services furnished by any firm or individual whose name appears on AID's Consolidated List of Debarred, Suspended, or Ineligible Awardees (AID Regulation 8, (22 CFR 208)). AID will provide the grantee with this list upon request.

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

- (1) Agricultural commodities,
- (2) Motor vehicles,
- (3) Pharmaceuticals,
- (4) Pesticides,
- (5) Rubber compounding chemicals and plasticizers,
- (6) Used equipment,
- (7) U.S. Government-owned excess property, or
- (8) Fertilizer.

(f) If AID determines that the grantee has procured any of the restricted or ineligible goods and services specified in subparagraphs (c) through (e) above, or has received reimbursement for such purpose without the prior written authorization of the grant officer, the grantee agrees to refund to AID the entire amount of the reimbursement.

(END OF STANDARD PROVISION)

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PATENT RIGHTS (NOVEMBER 1985)

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

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

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

(b) Allocation of Principal Rights: The 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 the physical, chemical, biological or electrical characteristics of the invention. The disclosure shall also identify any publication, on sale or public use of the invention and whether a manuscript describing the invention has been submitted for publication and, if so, whether it has been accepted for publication at the time of disclosure. In addition, after disclosure to AID the 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 applications in additional countries within either ten months of the corresponding initial patent application or six months from the date permission is granted by the Commissioner of Patents and Trademarks to file foreign patent applications where such filing has been prohibited by a Secrecy Order.

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

(d) Conditions When the Government May Obtain Title: The 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.

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(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.

(e) 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 domestic 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 domestic license may be revoked or modified by AID to the extent necessary to achieve expeditious practical application of the subject invention pursuant to an application for an exclusive license submitted in accordance with applicable provisions in 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 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 domestic subsidiaries or affiliates have failed to achieve practical application in that foreign country.

(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 (c) above, and to execute all papers necessary to file patent applications on subject inventions and to establish the Government's rights in the subject inventions. This disclosure format should require, as a minimum, the information required by (c)(1) above. The 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 applications 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 standard provision suitably modified to identify the parties, in all subagreements and contracts, regardless of tier, for experimental, developmental, or research work to be performed by a small business firm or nonprofit organization. The subrecipient or contractor shall retain all rights provided for the recipient in this standard provision, 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.

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(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 domestic manufacture 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 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 in the United States may not be assigned without the approval of AID, except where such assignment is made to an organization which has as one of its primary functions the management of inventions 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 persons 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.

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

(END OF STANDARD PROVISION)

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PUBLICATIONS (NOVEMBER 1985)

(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 unless the schedule of the grant has identified the profits or royalties as program income.

(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.

(END OF STANDARD PROVISION)

NEGOTIATED INDIRECT COST RATES - PREDETERMINED (MAY 1986)

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

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

(b) Not later than 90 days after the close of the grantee's fiscal year, the grantee shall submit to the cognizant Government Audit Activity in accordance with OMB Circular A-88 a proposed predetermined indirect cost rate(s) and supporting cost data. In the event AID is the cognizant agency or no cognizant agency has been designated, the grantee shall submit a copy of the proposed predetermined indirect cost rate(s) and supporting cost data to the AID Inspector General, Washington, D.C. 20523, and to the Overhead and Special Costs - Contract Closeout Branch, Office of Procurement, Washington, D.C. 20523. The proposed rate(s) shall be based on the grantee's actual cost experience during that fiscal year. Negotiations of predetermined indirect cost rate(s) shall begin as soon as practical after receipt of the grantee's proposal.

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

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

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

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

(END OF STANDARD PROVISION)

NEGOTIATED INDIRECT COST RATES - PROVISIONAL (MAY 1986)

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

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

(b) Not later than 90 days after the close of the grantee's fiscal year, the grantee shall submit to the cognizant Government Audit Activity in accordance with OMB Circular A-88 proposed final indirect cost rate(s) and supporting cost data. In the event AID is the cognizant agency or no cognizant agency has been designated, the grantee shall submit a copy of the proposed final indirect cost rate(s) and supporting cost data to the AID Inspector General, Washington, D.C. 20523, and to the Overhead and Special Costs - Contract Closeout Branch, Office of Procurement, Washington, D.C. 20523. The proposed rate(s) shall be based on the grantee's actual cost experience during that fiscal year. Negotiations of final indirect cost rate(s) shall begin as soon as practical after receipt of the grantee's proposal.

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

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

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

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

(END OF STANDARD PROVISION)

REGULATIONS GOVERNING EMPLOYEES (NOVEMBER 1985)

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

- (a) The grantee's employees shall maintain private status and may not rely on local U.S. Government offices or facilities for support while under this grant.
- (b) The sale of personal property or automobiles by grantee employees and their dependents in the foreign country to which they are assigned shall be subject to the same limitations and prohibitions which apply to direct-hire AID personnel employed by the Mission except as this may conflict with host government regulations.
- (c) Other than work to be performed under this grant for which an employee is assigned by the grantee, no employee of the grantee shall engage directly or indirectly, either in the individual's own name or in the name or through an agency of another person, in any business, profession, or occupation in the foreign countries to which the individual is assigned, nor shall the individual make loans or investments to or in any business, profession or occupation in the foreign countries to which the individual is assigned.
- (d) The grantee's employees, while in a foreign country, are expected to show respect for its conventions, customs, and institutions, to abide by its applicable laws and regulations, and not to interfere in its internal political affairs.
- (e) In the event the conduct of any grantee employee is not in accordance with the preceding paragraphs, the grantee's chief of party shall consult with the AID Mission Director and the employee involved and shall recommend to the grantee a course of action with regard to such employee.
- (f) The parties recognize the rights of the U.S. Ambassador to direct the removal from a country of any U.S. citizen or the discharge from this grant of any third country national when, in the discretion of the Ambassador, the interests of the United States so require.
- (g) If it is determined, under either (e) or (f) above, that the services of such employee shall be terminated, the grantee shall use its best efforts to cause the return of such employee to the United States, or point of origin, as appropriate.

(END OF STANDARD PROVISION)

PARTICIPANT TRAINING (MAY 1986)

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

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

(b) Application of Handbook 10: Participant training under this grant is to be conducted according to the policies established in AID Handbook 10, Participant Training, except to the extent that specific exceptions to Handbook 10 have been provided in this grant with the concurrence of the Office of International Training. (Handbook 10 may be obtained by submitting a request to the Office of International Training (S&T/IT), Agency for International Development, Washington, D.C. 20523.) Except for paragraph (h) on orientation, the following paragraphs in this standard provision are not subject to waiver except as specifically stated.

(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.

The grantee shall fill out form AID 1381-4 entitled "Participant Data" and send it to the addresses indicated on the back of the form. The grantee can obtain a supply of these forms and additional instructions for completing them from the Office of International Training. Data should be submitted prior to the initiation of participant travel. If this is not possible, the forms should be prepared and submitted immediately after arrival of the participant(s). The grantee shall also submit to the Office of International Training a blue copy of the form when subsequent changes in the participant's training program are made and at termination of participant's training program, ensuring that the original participant number (pre-printed on the form) is used.

(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/USIA 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. The Mission retains one copy of the IAP-66A and forwards one copy to AID/S&T/IT.

(i) The enrollment fee shall be accompanied by a letter which lists the names of the participants (identical to that on the Participant Data Form), participant I.D. numbers from the Participant Data Form, period of coverage, fee amount paid, grant number, name of grantee, host country, and the U. S. Government appropriation number as shown on the grant.

(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. Current rates are found in Handbook 10 Participant Training Notices.

(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. The grantee shall continue enrollment coverage for participants whose departure is delayed due to medical or other compelling reasons, with the written concurrence of the grant officer.

(5) The grantee shall provide each participant with a copy of the HAC brochure, copies of which are available from S&T/IT at the address indicated in section (b) above.

(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 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 (202-647-1512) 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, 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.

(END OF STANDARD PROVISION)

VOLUNTARY POPULATION PLANNING (AUGUST 1986)

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

(a) Voluntary Participation:

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

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

(b) Voluntary Participation Requirements For Sterilization Programs:

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

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

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

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

(c) Prohibition on Abortion-Related Activities:

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

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

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

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

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

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

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

(ii) the recipient obtains the written agreement of the subrecipient attesting the undertakings described in subparagraph (4), below.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(END OF STANDARD PROVISION)

PROTECTION OF THE INDIVIDUAL AS A RESEARCH SUBJECT (NOVEMBER 1985)

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

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

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

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

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

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

(f) Guidance on procedures to safeguard human subjects involved in research is found in Title 45, Part 46, of the Code of Federal Regulations. Compliance with these procedures, except as modified above, is required.

(END OF STANDARD PROVISION)

CARE OF LABORATORY ANIMALS (NOVEMBER 1985)

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

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

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

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

(END OF STANDARD PROVISION)

GOVERNMENT FURNISHED EXCESS PERSONAL PROPERTY (NOVEMBER 1985)

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

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

(END OF STANDARD PROVISION)

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

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

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

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

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

(c) Real Property:

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

(2) Use of Real Property:

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

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

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

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

(ii) The grantee may be directed to sell the property under guidelines provided by the Federal sponsoring agency and pay the Federal Government an amount computed by applying the Federal percentage of participation in the cost of the original program to the proceeds from sale (after deducting actual and reasonable selling and fix-up expenses, if any,

from the sales proceeds). When the grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.

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

(d) Nonexpendable Property:

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

(2) Use of Nonexpendable Personal Property:

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

(A) Activities sponsored by AID.

(B) Activities sponsored by other Federal agencies.

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

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

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

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

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

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

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

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

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

(e) Expendable Personal Property:

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

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

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

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

- (1) Property records shall be maintained accurately and shall include:
 - (i) A description of the property.
 - (ii) Manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number.
 - (iii) Source of the property, including grant or other agreement number.
 - (iv) Whether title vests in the grantee or the Federal Government.
 - (v) Acquisition date and cost.
 - (vi) Percentage (at the end of the budget year) of Federal participation in the cost of the project or program for which the property was acquired.
 - (vii) Location, use, and condition of the property and the date the information was reported.
 - (viii) Unit acquisition cost.
 - (ix) Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where the grantee compensates AID for its share.
- (2) A physical inventory of property shall be taken and the results reconciled with the property records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The grantee shall in connection with the inventory, verify the existence, current utilization, and continued need for the property. The inventory listing shall be retained as documentation in accordance with the standard provision of this grant entitled "Accounting, Audit, and Records."
- (3) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft of nonexpendable property shall be investigated and fully documented.
- (4) Adequate maintenance procedures shall be implemented to keep the property in good condition.
- (5) Where the grantee is authorized or required to sell the property, proper sales procedures shall be established which would provide for competition to the extent practicable and result in the highest possible return.

(END OF STANDARD PROVISION)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(iii) recording of work accomplished under the program:

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

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

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

(d) Risk of Loss:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(END OF STANDARD PROVISION)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(iii) recording of work accomplished under the program:

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

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

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

(d) Risk of Loss:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(END OF STANDARD PROVISION)

COST SHARING (MATCHING) (NOVEMBER 1985)

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

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

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

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

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

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

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

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

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

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

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

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

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

(7) Conform to other provisions of this paragraph.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(g) Individual expenditures do not have to be shared or matched provided that the total expenditures incurred during the year (or funding period) are shared or matched in accordance with the agreed upon percentage set forth in the schedule of the grant.

(h) If at the end of any year (or funding period) hereunder, the grantee has expended an amount of non-Federal funds less than the agreed upon percentage of total expenditures, the difference may be applied to reduce the amount of AID funding the following year (or funding period), or, if this grant has expired or been terminated, the difference shall be refunded to AID.

(i) Failure to meet the cost sharing (matching) requirements set forth in paragraph (a) above shall be considered sufficient reasons for termination of this grant for cause in accordance with paragraph (a) entitled "For Cause" of the standard provision of this grant entitled "Termination and Suspension".

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(j) The restrictions on the use of AID grant funds set forth in the standard provisions of this grant are applicable to expenditures incurred with AID funds provided under this grant. The grantee will account for the AID funds in accordance with the standard provision of this grant entitled "Accounting, Audit, and Records".

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

(END OF STANDARD PROVISION)

USE OF POUCH FACILITIES (NOVEMBER 1985)

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

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

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

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

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

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

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

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

(6) AID grantee personnel are not authorized use of military postal facilities (APO/FPO). This is an Adjutant General's decision based on existing laws and regulations governing military postal facilities and is being enforced worldwide. Posts having access to APO/FPO facilities and using such for diplomatic pouch dispatch, may, however, accept the grantee's official and personal mail for pouch, provided of course, adequate postage is affixed.

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

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

(END OF STANDARD PROVISION)

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

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

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

(END OF STANDARD PROVISION)

REPORT GUIDELINES

Outline for Periodic and Final Reports to A.I.D.
on Grant Accomplishments

SUMMARY..... (1 page)

TABLE OF CONTENTS..... (1 page)

I. Background to Grant and project Context*..... (2-3 pages)

[What were the circumstances that gave rise to the Project? What were the socio-economic-political conditions? What was the essence of the problem? What were the express needs of beneficiaries, participants, the PVO, etc.? What local or other resources were available to meet these needs? Why was external funding necessary?]

II. PVO Approach*..... (2-3 pages)

[What was the PVO's approach? Strategy? Inputs? Target groups? Original expectations of outcomes and products? Summarize grant and project objectives, the PVO's approach and/or special capability.]

III. Review and Analysis of Project Results..... (2-3 pages)
-- By Country

[In each country, what have been the specific outputs achieved? Effects on target groups? Problems encountered? Impacts on local institutions, local policy and people outside the project? * Unintended effects?*

IV. Management: Review and Analysis of Head-..... (2-3 pages)
quarters/Support Functions

[What has been the Project's planning and design? Staff resources? Training? Logistical support? Technical assistance? Roles of monitoring and evaluation? Overall project fund raising and marketing? Role of the Board of Directors? Development education?]

*Special attention should be given this topic in the Final Rept.

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V. Final Report.....(2-3 pages)

- [A. Brief narrative statement, including details on matching sources, grant-related fund raising, etc.
- B. Expenditures statement (see attached format).
- C. Comparison of original and actual budgets (if different).
- D. Budget for coming year (periodic report only).]

VI. Lessons Learned and Long-Term Project.....(2-3 pages)
Implications*

- [A. Estimates of Project Costs and Benefits
- B. Institution Building Assessment
- C. Estimated of Sustainability
- D. Benefit Distribution
- E. Local Participation
- F. Leadership Development
- G. Innovation and Technology Transfer
- H. Policy Implications
- I. Collaboration/Networking w/Other Agencies
- J. Replication]

VII. Recommendations*.....(2 pages)

- [A. To Project Leadership and PVO
- B. To Country and Local Leaders
- C. To Donors or Others Seeking Similar Impacts]

ATTACHMENTS:

- A. Country Data Sheets (see attached format)
- B. Original logical framework (or other project design summary) and any modifications.
- C. Any detailed addenda amplifying textual materials.
- D. Tables, lists, samples of publications, etc.

*Special attention should be given this topic in the Final Rept.

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ILLUSTRATIVE FUNCTIONAL BUDGET
Matching Grant for a Three Country Program

PART I - TOTAL PROGRAM COSTS --

<u>FUNCTION</u>	<u>COUNTRIES</u>			<u>TOTAL PROGRAM</u>	<u>OF WHICH A.I.D. MG</u>
	<u>NIGER</u>	<u>MALAWI</u>	<u>BOLIVIA</u>		
<u>Direct Program Costs --</u>					
<u>Upgrading Counterpart Staff:</u>					
- Staff Personnel Costs	\$ xxx	\$ xxx	\$ xxx	\$ xxxxx	\$ xxx
- Consultants	\$ xxx	\$ xxx	\$ xxx	\$ xxxxx	\$ xxx
- Travel	\$ xxx	\$ xxx	\$ xxx	\$ xxxxx	\$ xxx
- Other Direct Costs	\$ xxx	\$ xxx	\$ xxx	\$ xxxxx	\$ xxx
<u>Small Project Grants:</u>					
- Health	\$ xxx	\$ xxx	\$ xxx	\$ xxxxx	\$ xxx
- Vocational Training	\$ xxx	\$ xxx	\$ xxx	\$ xxxxx	\$ xxx
<u>Sectoral Strategy Development:</u>					
- Health	\$ xxx	\$ xxx	\$ xxx	\$ xxxxx	\$ xxx
- Vocational Training	\$ xxx	\$ xxx	\$ xxx	\$ xxxxx	\$ xxx
<u>Program Management --</u>					
- Staff Personnel Costs	\$ xxx	\$ xxx	\$ xxx	\$ xxxxx	\$ xxx
- Travel	\$ xxx	\$ xxx	\$ xxx	\$ xxxxx	\$ xxx
<u>Evaluation --</u>	\$ xxx	\$ xxx	\$ xxx	\$ xxxxx	\$ xxx
<u>Indirect Costs --</u>	\$ xxx	\$ xxx	\$ xxx	\$ xxxxx	\$ xxx
TOTAL MG PROGRAM:	\$ xxx	\$ xxx	\$ xxx	\$ xxxxx	\$ xxx

PART II - SOURCES OF FUNDS --

A.I.D. Matching Grant.....	\$ xxxxx
PVO Private Cash.....	\$ xxxxx
PVO In-Kind Contributions.....	\$ xxxxx
Host Government Contributions.....	\$ xxxxx
Other [please specify (i.e., PACT, CODEL, etc.)].	\$ xxxxx
TOTAL.....	\$ xxxxx

* * *

Prepare this for each year of the grant, as well as a summary table for the life of the grant.

EXPLANATION OF BUDGET

[NOTE: This explanation, when combined with the functional budget presentation, should provide information explaining the method of estimating posts associated with carrying out the matching grant program. Additional details may, however, be requested during the course of grant negotiation.]

I. Summary of Financial Presentation -- The MG program has three distinct components -- upgrading counterpart staff through training, small project grants for health and vocational training projects, and the development of sectoral strategies in the health and vocational training fields. Other costs of this program include direct program management, provision for a field evaluation, and indirect costs.

II. Upgrading Counterpart Staff -- These costs reflect the salaries, xxx% fringe benefits and allowances of xxx field based regional training advisors, with salaries estimated at \$xxx per year and allowances at \$xxx per year, and xxx% of the salaries and fringe benefits for xxx Regional Directors (annually salary for each at \$xxx) based at headquarters. The consultants item is based on an estimated use of xxx person days of consulting time at \$xxx per day. The travel estimate is based on international airfare and per diem for xxx round trips each to Africa (\$xxx each) and South American (\$xxx each). Other direct costs includes training materials, rental of facilities for workshops, etc.

III. Small Project Grants -- These funds shall be used to finance the costs of project activities in the health and vocational training fields. The average amount of each grant is estimated to be \$xxx.

IV. Sectoral Strategy Development -- These costs reflect the salary and xxx% fringe benefits of the xxx technical advisor (annual salary of \$xxx each), augmented with xxx days of consultants' time valued at \$xxx per day. Travel costs of \$xxx is included in the amounts shown for each sector, calculated based on xxx round trip to each of the xxx regions of the grant program per item II above.

V. Program Management -- These costs reflect the salary (\$xxx) and xxx% fringe benefits of a full-time manager for the grant and the costs of travel for xxx international trips (\$xxx) and for travel within the U.S. (\$xxx).

VI. Evaluation -- This line item represents the estimated cost of xxx weeks of consultant time valued at \$xxx per day plus international travel and per diem associated with travel overseas for xxx weeks of on-site evaluation work, commissioned by the PVO.

VII. Indirect Costs -- Our latest approved indirect cost rate with A.I.D. (as of xx/xx/xx) is xx% of total direct program costs. A copy of the indirect cost rate agreement is attached.

PVO Financial Overview

	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>
<u>Program Expenditures --</u>			
- Small Project Grants.....	\$ xxx	\$ xxx	\$ xxx
- Leadership Training.....	xxx	xxx	xxx
- Sectoral Strategy Development.....	xxx	xxx	xxx
- Disaster Relief.....	xxx	xxx	xxx
- Evaluation.....	xxx	xxx	xxx
- Program Management.....	xxx	xxx	xxx
- Indirect Costs.....	xxx	xxx	xxx
 TOTAL WORLDWIDE PROGRAM.....	 \$ xxxx	 \$ xxxx	 \$ xxxx
 <u>Sources of Funds --</u>			
- A.I.D. Matching Grant.....	\$ xxx	\$ xxx	\$ xxx
- Other A.I.D. (Please List).....	xxx	xxx	xxx
- Private Cash.....	xxx	xxx	xxx
- Private In-Kind.....	xxx	xxx	xxx
- Host Government.....	xxx	xxx	xxx
- Other (Specify).....	xxx	xxx	xxx
 TOTAL.....	 \$ xxxx	 \$ xxxx	 \$ xxxx

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**PVO PROJECT REPORTING INFORMATION
ON AID SUPPORTED PVO PROJECTS**

*** FOR OFFICIAL USE ONLY ***

PVO Type	Project Number	
Appropriation	Level	
Country Code	Fund Type	Technical Code
Project Officer	Key 1	Key 2

PROJECT INFORMATION (PRIMARY)

Name of Organization		Grant/Contract Number
Start Date (MM/DD/YY)	End Date (MM/DD/YY)	AID Project Officer's Name

*** AID OBLIGATION BY AID-FY (\$000)***

FY	AMOUNT	FY	AMOUNT

LOP

Activity Description

Status

COUNTRY INFORMATION (SECONDARY)

Country	Location in Country (Region, District, Village)
PVO Representative's Name	Local Counterpart/Host Country Agency

COUNTRY FUNDING INFORMATION (\$000)

YEAR				
AID \$				
PVO \$				
INKIND				
LOCAL				
TOTAL				