

Agency for International Development
Washington, D.C. 20523

938-0158

PDFCK 258

SEP 26 1990

Mr. Gerald Hildebrand
President
Katalysis Foundation
1331 North Commerce Street
Stockton, CA 95202

SUBJECT: Cooperative Agreement No. OTR-0158-A-00-0108-00

Dear Mr. Hildebrand: -

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 Katalysis Foundation (hereinafter referred to as "Recipient") the sum of \$600,000 to provide support for the Recipient's program under A.I.D.'s Matching Grant Program as more fully described in Enclosure 2, of this Agreement entitled "Program Description."

This Agreement is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Recipient in furtherance of program objectives from the period September 28, 1990 through the estimated completion date of September 27, 1993.

This 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 receipt of this Agreement by signing all copies of this Cover Letter, retaining one set for your files, and returning the remaining copies to the undersigned.

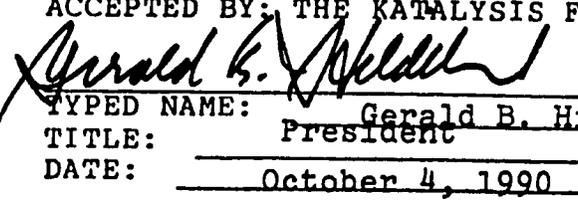
Sincerely,



Carolyn R. Eldridge
Grant Officer
Management Services Branch
Office of Procurement

- Enclosures:
1. Schedule
 2. Program Description
 3. Standard Provisions
 4. PVO Annual Reporting Guidelines

ACCEPTED BY: THE KATALYSIS FOUNDATION



TYPED NAME: Gerald B. Hildebrand
TITLE: President
DATE: October 4, 1990

FISCAL DATA

PIO/T: 0381022
Appropriation No.: 72-1101021.3
Budget Plan Code: EDNA-90 13810 KG11
Allotment No.: 043-38-099-00-76-01
This Obligation: \$200,000
Total Estimated Grant Amount: \$600,000
Technical Office: FVA/PVC, Loreta Williams
DUNS NO.: 197827595
TIN NO.: 68-001534
DOC # 60480

SCHEDULE

A. Purpose of Agreement

The purpose of this Agreement is to assist the Recipient to implement a comprehensive program to build the sustainability of its partners in Belize, Honduras and the Eastern Caribbean involving sustainability strategies, management systems, network strengthening and field support. This is more specifically described in Enclosure 2 to this Cooperative Agreement entitled "Program Description". The Recipient's proposal entitled "Katalysis North/South Development Partnerships: A Collaborative Strategy for Sustainability", dated September 1, 1989, as revised on April, 1990, August 20, 1990 and September 18, 1990, is hereby incorporated 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 Agreement:

1. The period of this Agreement is September 28, 1990 through September 27, 1993.

2. Funds obligated hereunder are available for the period September 28, 1990 through September 27, 1991. 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. Amount of Agreement and Payment:

1. The total estimated amount of this Agreement for the period shown in paragraph B. above is \$600,000.

2. A.I.D. hereby obligates the amount of \$200,000 for the purposes of this Agreement for the period cited in paragraph B.2 above and as shown in the budget below.

3. Payment shall be made to the Recipient in accordance with procedures set forth in Enclosure 3 - Standard Provision, entitled "Payment - Letter of Credit."

4. Additional funds up to the total amount of the Agreement shown in C.1 above may be obligated by A.I.D. subject to the availability of funds, program priorities at the time, and the requirements of the Mandatory Standard Provision of this Agreement entitled "Revision of Grant Budget."

D. Budget:

The Budget for this Agreement is Enclosure 1a to this Agreement. The Recipient may not exceed the total estimated amount or the obligated amount, whichever is less (see Part C above). Except as specified in the Mandatory Standard Provision of this Agreement entitled "Revision of Grant Budget", as shown in Enclosure 3, the Recipient may adjust line item amounts within the grand total as may be reasonably necessary for the attainment of program objectives.

Notes To Budget:

1. The Recipient is allowed 5% flexibility among cost elements in the budget. Within the cost elements however, the Recipient has full flexibility of funds.
2. Notwithstanding the flexibility set forth in paragraph D.1. above, those funds provided hereunder by A.I.D. shall only be utilized for reimbursement of those direct costs as set forth in the Recipient's proposal dated September 18, 1990. No indirect costs shall be reimbursed by A.I.D. funds.
3. The Recipient has agreed to expend from their non-Federal cash funds by the end of the life-of-program (LOP) period the amount of total cost-share/match expenditures specified in the Recipient Share columns of the budget. The Recipient is required to meet the requirements of the Standard Provision of this Agreement entitled "Cost Sharing/Matching". The Recipient is required to report in their annual reports, in their incremental funding letters and the Financial Status Report Form SF 269, the total amount of cost sharing/matching to date. Although the Recipient is required to cost share/match on a life-of-program basis, they are also expected to expend those funds on a pro rata basis per year and not wait until the last year of the Agreement to expend their cost share match.
4. 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 and Project Officer of any changes in the amount to be cost shared by the Recipient in accordance with the Standard Provision entitled "Revisions of Grant Budget". Such a change may impact on future funding decisions under this Agreement.
5. The Recipient is expected to use their own private cost-share/matching funds for all procurement of non-U.S. nonexpendable property estimated at over \$500 each. This alleviates the requirement for a source/origin waiver and also places the title to property completely in the Recipient's name.

E. Reporting:

1. Financial Reporting:

a. Financial reporting requirements shall be in accordance with the method of payment Standard Provision cited in Paragraph C above.

b. The original and two copies of all financial reports shall be submitted to A.I.D., Office of Financial Management, Program Accounting and Finance Division (Fm/PAFD), Washington, D.C. 20523. In addition, one copy of all financial reports shall be submitted to the Technical Office specified in the Cover Letter of this Agreement.

2. Program Performance Reporting:

a. Annual Report

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 30 days prior to each anniversary date of the Agreement. Annual reports will describe the Recipient's financial contribution to the project. "PVO Annual Reporting Guidelines" is provided as Enclosure 4 for illustrative purposes.

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 management information system (A.I.D. Form 1550-11 is included in Enclosure 4). Other current A.I.D. grants, cooperative agreements and contracts to the Recipient, such as OPGs, will be noted in the report with an explanation of any relationship of such agreements to this Agreement supported program.

b. Interim Reports

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 and Project Officers as soon as the following types of conditions become known:

i. Problems, delays, or adverse conditions that will 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.

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

c. Final Report

The last Annual Report is the Final Report. The PVO Annual Reporting Guidelines is provided as a format for this report for illustrative purposes. All work to be charged to this Agreement, including the preparation of the Final Report, must be completed prior to the expiration date of this Agreement.

d. Self-Evaluation:

Self-evaluation will be conducted by the Recipient in accordance with its normal evaluation program as described in its proposal incorporated into this Agreement by reference. In addition, from time-to-time, A.I.D. Officers will, with prior notification to the PVO's headquarters, visit selected project sites. An independent mid-term and/or final evaluation in collaboration with the Recipient will be carried out at either the midpoint of the Agreement or no later than June of the last year of the Agreement. Special requirements for this project evaluation are delineated under paragraph 2 of the paragraph entitled "Substantial Involvement", set forth below.

F. Substantial Involvement

1. Countries: The following countries are approved for direct in-country program support under the Agreement: Belize, Honduras and the Eastern Caribbean. Other countries may be approved during the period of the Agreement. Such approval must be communicated by A.I.D. in writing after consultation with the relevant A.I.D. Mission.

2. Evaluation: The scope of work for the independent mid-term and/or final evaluation 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. This approval must be communicated in writing. The Recipient is encouraged to provide at least one evaluator from its permanent staff for this evaluation(s). At least one evaluator

will be an individual not currently employed by the Recipient. The A.I.D./FVA/PVC Project Officer is to participate in the pre- and post-evaluation briefings and is to receive six copies of the completed evaluation report for FVA/PVC and one copy for each country evaluated.

3. Budgets: Detailed country budgets for each activity sector and a headquarters budget for each year of the Agreement will be due thirty (30) days following the signature of the Cooperative Agreement. The country and headquarters budgets are to be specific as to salary and travel expenses of all staff; number of consultants (including travel and per diem); ongoing monitoring and evaluation (including rates of consultants, staff and travel); and training materials.

4. Baseline: The baseline data set out on page 47 of the Recipient's revised proposal dated April 1990 will be established within sixty (60) days following the signature of the Agreement. In those instances where the data cannot be quantified, a narrative assessment is to be provided.

5. Detailed Implementation Plan: A Detailed Implementation Plan for the first year of the Agreement will be due thirty (30) days following signature of the Agreement document, and approval in writing from the Project Officer is required before project implementation can continue. The DIP for the life of project will be due within sixty (60) days of Agreement execution.

G. Indirect Costs:

No A.I.D. funds provided hereunder shall be used for reimbursement of indirect costs. Should the Recipient desire to propose that such reimbursement be made commencing in Year Two of this Agreement (provided funding is available), all documentation supporting the proposed provisional rates shall be forwarded to the Grants Officer not later than May 1, 1991.

I. Title to Property

Title to all property purchased under this Agreement shall be vested in the Recipient.

J. Special Provisions

1. For the purposes of this Agreement, references to "OMB Circular A-122" [A-21 for educational institutions] in the Standard Provisions of this Agreement shall include the A.I.D. implementation of such Circular, as set forth in subpart 731.7 [731.3 for educational institutions of the AID Acquisition Regulations (AIDAR) (41 CFR Chapter 7)].

2. As shown in paragraph (a) of the Standard Provision entitled "Air Travel and Transportation," delete the following:

"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," and in lieu thereof substitute the following:

"Advance notification and approval by the Project Officer of the Grantee's travel intentions overseas is waived for this Agreement. All other terms and conditions of this Standard Provision remain unchanged."

AGREEMENT BUDGET*

<u>BUDGET LINE ITEM</u>	<u>YR 1 A.I.D./KF</u>	<u>YR 2 A.I.D./KF</u>	<u>YR 3 A.I.D./KF</u>	<u>TOTAL A.I.D./KF</u>
ALL COUNTRY PROGRAMS	200.0/37.1	200.0/37.1	160.0/14.0	560.0/88.2
HEADQTRS PROG. COSTS	0/78.7	0/84.0	0/88.1	0/250.8
EVALUATION	0/0	0/0	40.0/0	40.0/0
INDIRECT COSTS	0/84.2	0/88.9	0/87.9	0/261.0
TOTAL	200.0/200.0	200.0/210.0	200.0/190.0	600.0/600.0

* In thousands of dollars

PROGRAM DESCRIPTION

I. Program Goal:

The goal of the proposed grant is to assist low-income people in Central America and the Caribbean become more self-reliant and self-sufficient through the transfer of skills, funds and decision-making power.

II. Program Purpose:

The purpose of the proposed grant is to increase the financial and institutional sustainability of Katalysis Foundation (KF) and its partner organizations in Belize, Honduras and the Eastern Caribbean; and increase their ability to deliver critical technical assistance services to the low-income clients of the partners.

III. Principal Activities:

To accomplish the goal and purpose, KF plans to carry out the following activities under this Matching Grant (MG) Program:

A. Sustainability Strategies Implementation

1. Sustainability Strategies Planning is to help each partner devise a comprehensive plan for overcoming specific constraints to sustainability such as escalating managerial responsibilities capacity to make persuasive cases to external donors.

The sustainability strategies are to be the backdrop for refining and implementing other MG activities to meet the requirements of each partner such as long-range strategic planning, field effectiveness and technical and management skill deficits.

The Sustainability Strategies are to be divided into three sectors:

- a. The Institutional Sector will focus on such things as organizational development, long-range strategic planning and management information systems.

b. The Programmatic Sector on field level effectiveness and technical skills deficits.

c. The Financial Sector on fees-for-services, cost effectiveness and cost control, and other matters set out in the proposal.

2. Training and Technical Assistance (TTA) Plans will be designed for each organization. The plans will define skills needs and chart a specific course to resolve the deficiencies. Implementation of the TTA will be carried out in a variety of ways including short-term training, on-site technical assistance and outside experts.
3. Network-Wide Workshops will address common needs of KF and its partners on such things as partnership building, financial management, management information systems and the role of women in development. They will be planned twice yearly.
4. Sustainability Venture Fund (SVF) will provide seed capital to initiate income-generating ventures complementary to each partner's mission and work plan. SVF grants will range from \$1,000 to \$4,000 to seed activities designed to advance field-initiated income-generating projects. The SVF allocations will be matched by locally generated in-kind and financial resources. The SVF allocation is \$36,000 over the life-of-the MG and the funds will be disbursed on a competitive basis.

B. Planning and Management Systems

1. Information Systems Analysis will enable KF and its partners to make informed planning decisions and adapt their operations accordingly. The system will focus on financial accounting and reporting, baseline data collection, disaggregation by gender, impact analysis and management information.
2. Information Systems Design will be implemented by a two-day workshop attended by all the principals.
3. Information System Training and TA sessions for each partner agency. Each partner will participate in three of these technical assistance (TA) sessions.

C. Network Strengthening

1. Shared Internal Technical Assistance will seek to strengthen the communication within KF's partner network and in so doing use the skills of the members. Each partner will participate in nine TA sessions.
2. PVO Community Participation by the grantee will be aimed at sharing its experience in the development community and contributing to national-level coalition-building.

Participation in the larger PVO community should enable KF partners to learn from the experience of more established organizations and build on existing knowledge and systems. Each partner will participate in three interchanges within the national, regional and international fora.

D. Field Support

1. Field support is to bring the institutional capabilities to the people who need it, by making available new technologies, credit and technical assistance to the low-income peoples in Belize, Honduras and the Eastern Caribbean.
2. Development Pilot Projects (DPP) are to provide seed capital for introducing innovative development concepts and related indigenous training materials. They are to address appropriate technology innovations, new methodologies in micro-enterprise development and advanced agricultural practices. The DPP grants will range from \$1,000 to \$3,000 and will be utilized to seed activities designed to advance field-initiated prototype projects, i.e., feasibility studies, market surveys, materials and equipment purchases. The total DPP allocation is \$22,500 over the life of the project. The funds will be disbursed on a competitive basis. Annual assessments of funded DPPs will be prepared by the grantee.

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3. Village Bank Program (VBP) will be implemented by the KF partner in Honduras. The KF partner will be allocated \$100,000 to capitalize 27 new banks serving approximately 540 new beneficiaries. The concept utilized will be based on the Grameen Bank model and refined by emphasis on training, technical assistance and follow-up support services. Target locations for the VBP are to be selected based on the need of the women in the community and their interest and willingness to participate in a program of this type.

Before a village bank is fully commissioned, each of the members is to complete an intensive seven-day training program. Bank formation will follow completion of the training. Individual loans averaging \$100 will be made for income-generating ventures.

4. Program Services to low-income beneficiaries will enable the KF partners to work with community groups that cannot afford full fees and for whom no third party donor is available.

Field support services will be provided to approximately 2000 low-income beneficiaries per year who would otherwise be denied assistance because of their inability to meet the full costs of services. Beneficiaries will include: small farmers, fishermen, entrepreneurs, and unskilled youth.

Program services (technical assistance/training) will be provided to 50-70 local groups per year. These services will include agricultural production, processing and marketing, small business management and financial controls, youth skills training, small-scale manufacturing, and local institutional strengthening.

E. 1. Outputs

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Sustainability Strategies	3	3	3
Training and TA Plans	3	3	3
Network-wide Workshops	1	1	1
Sustainability VF Projects	3	3	3
Info Systems Analyses	3		
Info Systems Designed	3		
Info Systems Implemented	3	3	3
Shared Internal TA	9	9	9
PVO Comm. Participation	3	3	3
Program Services			
(# of new beneficiaries)	1900	2000	2100
Development Pilot Projects	3	3	3
Village Banks	9	9	9

2. Inputs

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
<u>No. of Person-Months for:</u>			
Sustainable Strategies	7	7	7
Planning/Management Sys.	5	5	5
Network Strengthening	6	5	5
Field Support	6	6	6
Village Banks	4	4	4
Management, Admin.	21	21	21
Finance and Accounting	10	10	9

IV. Program Management

Robert E. Graham, the Chief Executive Officer, will be responsible for the successful performance by Katalysis Foundation of the terms under this Cooperative Agreement. Gerald B. Hildebrand, President, Katalysis Foundation, will be responsible for the implementation of the Cooperative Agreement, cverseeing the programmatic activities and its administration. The day-to-day implementation of the field activities will be the responsibility of the Katalysis partners as follows: Carlos Santos, Managing Director, Belize Enterprise for Sustained Technology, Belize; Francisca de Escoto, Executive Director, Organizacion de Desarrollo Empresarial Femenino, Honduras; and Sylvester Anthony, Executive Director, Caribbean Advisory and Professional Services, Ltd., St. Lucia.

STANDARD PROVISIONS

ENCLOSURE 3

OMB Control No. 0412-0510

Expiration Date: 12/31/90

MANDATORY STANDARD PROVISIONS FOR U.S., NONGOVERNMENTAL GRANTEES ^{1/}

INDEX OF MANDATORY STANDARD PROVISIONS

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

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 (JANUARY 1988)

(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 A.I.D.-sponsored project or program in accordance with the reporting requirements of this grant. While A.I.D. 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.

(2) Records that identify adequately the source and application of funds for A.I.D.-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.

^{1/} When these Standard Provisions are used for cooperative agreements, the following terms apply: "Grantee" means "Recipient," "Grant" means "Cooperative Agreement," and "A.I.D. Grant Officer" means "A.I.D. Agreement Officer."

(Rev. 03/22/90:TM13:55)

(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 A.I.D. funds to produce unbiased opinions, conclusions, or judgments. They shall meet 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 determine whether the institution has implemented and utilizes appropriate financial and administrative systems and controls in accordance with the uniform administrative requirements of OMB Circular A-110 and the applicable cost principles specified in the "Allowable Costs" standard provision of this grant, and to test the fiscal integrity of financial transactions, including accuracy and reliability of financial reports submitted to A.I.D. and other Federal agencies under agreements to which the terms of Attachment G of OMB Circular A-110 apply, as well as compliance with the terms and conditions of the A.I.D. grant. Such tests would include an appropriate sampling of A.I.D. and other 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 A.I.D. grant officer who shall make appropriate distribution within the Agency. The frequency of these examinations shall depend upon the nature, size, and the complexity of the activity. These grantee self-examinations do not relieve A.I.D. 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 A.I.D. 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. A.I.D. 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 A.I.D. 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 (JANUARY 1988)

(a) The grantee shall remit to A.I.D. all interest earned on funds provided by A.I.D. at least quarterly, except that interest amounts up to \$100 per year may be retained by the grantee for administrative expense.

(b) Funds obligated by A.I.D. but not disbursed to the grantee at the time the grant expires or is terminated shall revert to A.I.D., 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 A.I.D.

(c) If, at any time during the life of the grant, or as a result of final audit, it is determined by A.I.D. 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 A.I.D.

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 A.I.D. authorized funds to exceed its needs by more than \$5,000 or five percent of the A.I.D. 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 (NOVEMBER 1989)

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

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

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

(d) A decision under this provision by the Deputy Assistant to the Administrator for Management Services 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. DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS (MARCH 1989)

(a) The grantee certifies to the best of its knowledge and belief, that it and its principals:

(1) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;

(2) Have not within a three-year period preceding this proposal been convicted of or had a civil judgement rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(3) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (a)(2) of this certification; and

(4) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State, or local) terminated for cause or default.

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(b) The grantee agrees that, unless otherwise authorized by the Grant Officer, it will not knowingly enter into any subagreements or contracts under this grant with a person or entity that is included on the "Lists of Parties Excluded from Federal Procurement or Nonprocurement Programs." The grantee further agrees to include the following provision in any subagreements or contracts entered into under this grant:

DEBARMENT, SUSPENSION, INELIGIBILITY, AND VOLUNTARY EXCLUSION (MARCH 1989)

The recipient/contractor certifies that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

(c) The policies and procedures applicable to debarment, suspension, and ineligibility under AID-financed transactions are set forth in 22 CFR Part 208.

9. NONDISCRIMINATION (MAY 1986)

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

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

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

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

11. NONLIABILITY (NOVEMBER 1985)

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

12. AMENDMENT (NOVEMBER 1985)

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

13. NOTICES (NOVEMBER 1985)

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

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

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

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

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

1. 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)

4. 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.

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

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

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

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

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

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

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

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

(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).

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(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)

5. 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 reimburseable 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)

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6. 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.

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(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)

7. 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).

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(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)

8. 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)

11. 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)

13. 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-38 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)

14. 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)

15. 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)

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20. 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)

(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".

(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)

24. 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)

25. 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)

Revised: March 29, 1988

Matching Grant Program

PVO ANNUAL REPORTING GUIDELINES

Specific guidelines are to be followed when submitting annual reports for grants funded by FVA/PVC. Annual report information should be written and organized in accordance with this guidance and outlined format. A Summary and a Table of Contents should introduce the annual report. Reports should cover each section and sub-section of the outline. If any portion of the outline is inapplicable, an explanation should be included. Pages should be numbered. It is understood that the suggested page number guidance will vary depending on the number of countries, etc. A completed Form 1550-11 should be submitted for each sub-project of a grant (Sample is Annex C).

Reports submitted in the first, mid-course, and final years of grants should differ in the attention devoted to the different report outline sections. First-year reports are to focus special attention on Sections II and III: are all preconditions met? are all inputs in place? are inputs functioning as planned? etc. The first year report is also to include the more finalized project implementation, monitoring and evaluation plans including detailed baseline data, critical indicators, and targets. Mid-course reports are to focus special attention on Sections IV and V: the status of outputs, critical indicators, and benchmark findings. In final year reports, greater reflection and breadth is expected in Sections I, II, III, VII and VIII: identifying lessons learned, program areas needing strengthening, targets reached, and impact measurements.

Annual reports are due to the PVO's FVA/PVC Project Officer thirty days before the anniversary date of the grant each year. Please submit 10 copies plus one for the A.I.D. mission in each primary target country in the grant. The report period to be covered is the full year. What is expected to be accomplished in the remaining month should be included.

OUTLINE FOR PVO ANNUAL REPORTS

Summary of Program, Administrative, and Financial Status
(1 page)

Table of ContentsI. Background to Grant and Project Context (2-3 pages)

1. Describe the PVO's organizational purpose, approach, and special capability. What were the socio-economic-

political conditions and circumstances which gave rise to the project and each country program? What was the essence of the problem? What were the express needs of beneficiaries, participants, the PVO, etc. What gender concerns need attention?

2. What local or other resources were available to meet the above needs? Why was external funding necessary?

II. Project Methodology (2-3 pages)

1. Summarize the grant project goal, purpose, objectives, approach, methodology, and strategy? What are the key inputs for achieving this strategy? Who are the target groups? What are the expected outputs and products? How does strategy involve women as both participants and beneficiaries?

2. For the project generally, provide a comparison of actual accomplishments with those originally proposed for the period of the report. Include gender accomplishments. State the reasons for any variance.

III. Monitoring and Evaluation (1-2 pages)

1. Describe and discuss PVO refinements, changes, and additions to the following monitoring and evaluation information from that originally presented in the PVOs proposal:

- a. baseline data
- b. targets
- c. critical indicators of effectiveness
- d. benchmarks of project progress
- e. monitoring plan
- f. evaluation plan

2. Describe the status of midterm assessment and final evaluation. Specifically address gender concern status and results.

IV. Review and Analysis of Project Results by Country
(5-10 pages)

1. Describe for each country for the report period:
 - a. the specific outputs achieved in each country
 - b. effect on target groups disaggregated by gender.
 - c. problems encountered and how they have been addressed
 - d. impact on local institutions, local policy, and people (disaggregate by gender) outside the project
 - e. unintended effects.
2. For each country, provide a comparison of actual accomplishments with those originally proposed for the period of the report. State the reasons for any variance. Discuss any anticipated problems in meeting the final project objectives and PVO's plans to deal with these.

V. Management: Review and Analysis of Headquarters/Support Functions (2-5 pages)

1. Describe for the reporting period:
 - a. project planning and management activities
 - b. staff resources (management and technical)
 - c. training (disaggregated by staff and beneficiary and gender)
 - d. logistical support
 - e. technical assistance
 - f. project fund-raising and marketing
 - g. role of the Board of Directors
 - h. development education
2. For each of the above, provide a comparison of actual accomplishments with those originally proposed for the period of the report. State reasons for any variance. Discuss problems encountered and how they have been addressed. Discuss any anticipated problems in meeting final project objectives and PVO's plans to deal with these.

VI. Financial Report (2-4 pages)

1. Provide completed, updated, Project Financial Overview and PVO Organizational Financial Overview (format charts attached as Annex A and B).

2. Compare the proposed budget with actual expenditures, both A. I. D. and PVO, for all project years to date, and, provide update estimates for remaining project years. Discuss any actual and/or anticipated variance from the proposed budget line items.

3. Discuss the status, usual timing and rate of letter-of-credit drawdowns. Provide analysis and explanation of any actual and/or anticipated changes in the rate of drawdown as well as cost overruns or unusually high expenses.

4. Provide a brief discussion of fund-raising plans and activities: main sources, status, and actual or anticipated problems, if any.

5. Provide a discussion of PVO cost-share: status; any actual or anticipated problems in meeting agreed cost-share, annual and total. Include corrective measures planned or taken.

VII. Lessons Learned and Long-Term Project Implications
(4-10 pages)

1. Estimates of project costs and benefits
2. Institution building assessment
3. Estimate of sustainability
4. Benefit distribution (disaggregate by gender)
5. Local participation (disaggregate by gender)
6. Leadership development (disaggregate by gender)
7. Innovation and technology transfer
8. Policy implications
9. Collaboration/networking with other agencies
10. Replication potential of project approach and activities.

VIII. Recommendations (2 pages)

1. To project leadership and PVO
2. To country and local leaders
3. To donors or other organizations seeking similar impacts

IX. Attachments to Annual Reports

1. Country data sheets (see attached Form 1550-11)
2. Original logical framework (or other project design summary), and any modifications
3. Any detailed addenda amplifying textual material
4. Tables, lists, samples of publications, etc.

FINANCIAL PROFILE OF THE PROJECT

A. BUDGETED VERSUS ACTUAL EXPENDITURES

<u>Project Elements</u>	<u>A. I. D.</u>		<u>PVO</u>	
	<u>Budget</u>	<u>Expend.</u>	<u>Budget</u>	<u>Expend.</u>
		<u>(Year)*</u>		
List here the same line items that are in the summary budget of your final project proposal.	\$ XXX	\$ XXX	\$ XXX	\$ XXX
	\$ XXX	\$ XXX	\$ XXX	\$ XXX
	\$ XXX	\$ XXX	\$ XXX	\$ XXX
	_____	_____	_____	_____
TOTAL PROJECT	\$ XXX	\$ XXX	\$ XXX	\$ XXX

B. SOURCES OF PROJECT FUNDS FOR THE PVO* (Same Year as above)

A.I.D. Matching Grant	\$ XXXXX
Private	
Cash	XXXXX
In-kind	XXXXX
Host and Other Governments	
Cash	XXXXX
In-kind	XXXXX
Other A.I.D. Grants/Contracts**	XXXXX
Other U. S. Government** (e. g., Peace Corps)	XXXXX
Other** (specify, e.g., PACT, CODEL, IDB, etc.)	XXXXX
TOTAL	\$ XXXXXX

*Prepare this chart for each year of the grant as well as a summary table for the life of the grant.

**Provide separate list by country giving grant/contract number, amount, years of funding.

65x

FINANCIAL PROFILE OF THE PVO

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3*</u>
A. <u>Program Expenditures:</u>			
Small Project Grants	\$ XXX	\$ XXX	\$ XXX
Training	XXX	XXX	XXX
Sectoral Strategy Dev.	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
 B. <u>Sources of Funds:</u>			
A.I.D. Matching Grant	\$ XXX	\$ XXX	\$ XXX
Private			
Cash	XXX	XXX	XXX
In-kind	XXX	XXX	XXX
Host/Other Governments			
Cash	XXX	XXX	XXX
In-kind	XXX	XXX	XXX
Other A.I.D. Grants or Contracts	XXX	XXX	XXX
Other U. S. Government (e. g., Peace Corps)	XXX	XXX	XXX
Other (specify) (PACT, CODEL. IDB, etc.)	XXX	XXX	XXX
 TOTAL	 \$ XXXX	 \$ XXXX	 \$ XXXX

*continue for each year of the grant

Wang #1464P

AID 1350 1 (3 87) *PIO/T	AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT IMPLEMENTATION ORDER/TECHNICAL SERVICES	1 Cooperating Country Centrally Funded	Page 1 of 3 Pages
		2. PIO/T No 0381022	3 <input checked="" type="checkbox"/> Original or Amendment No _____
		4 Project/Activity No and Title 938-0158 Matching Grant with Katalysis Foundation (KF)	

DISTRIBUTION Date: <u>5/31/90</u> Initials: <u>A. H. Bland</u> Office of Technical Management Funds Reserved By	5 Appropriation Symbol 72-1101021.3	6. Budget Plan Code BPC:EDNA-90 13810 KG11 043-38-099-00			
	7. Obligation Status <input checked="" type="checkbox"/> Administrative Reservation <input type="checkbox"/> Implementing Document	8. Project Assistance Completion Date (Mo., Day, Yr.) 7/31/93			
	9 Authorized Agent	10 This PIO/T is in full conformance with PRO/AG No Date			
	11a Type of Action and Governing AID Handbook <input type="checkbox"/> AID Contract (HB 14) <input checked="" type="checkbox"/> AID Grant or Cooperative Agreement (HB 13) <input type="checkbox"/> PASA/RSSA (HB 12) <input type="checkbox"/> Other	11' Contract Grant Cooperative Agreement/ 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 Available	A Dollars	(1) Previous Total	(2) Increase	(3) Decrease	(4) Total to Date
		-0-	600,000	-0-	600,000
	B U S -Owned Local Currency				

13 Mission References

14A Instructions to Authorized Agent
SER/OP/W/MS is requested to execute a three-year assistance agreement with Katalysis Foundation (KF) effective from 8/1/90 through 7/31/93. Funding of \$600,000 is provided for expenditures during the 36 months life of project. PIO/T Enclosures: #1A Grant Budget, #1B Program Budget/Proposal Budget, #1C Country Budgets, #2 Special Instructions, #3 Program Description, #4 FVA/PVC/IPS's "PVO Financial Profile" on KF dated 8/26/89 and #5 KF's Revised Proposal date 4/90. Please clear assistance agreement with Loreta Williams, PVC Project Officer, before sending to KF.

14B Address of Voucher Paying Office
AID/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 or program description are technically adequate. FVA/PVC, Loreta Williams	Phone No 663-2618 Date 5/25/90	B The statement of work or program description lies within the purview of the initiating office and approved agency programs FVA/PVC/IPS, Lenora Watlington	Date 5/29/90
C. FVA/PVC, Harry Wing	Date 5/29/90	D Funds for the services requested are available	Date
E. FVA/PPM, Emmalita Jefferson	Date 5.30.90		

16 For the Cooperating Country: The terms and conditions set forth herein are hereby agreed to

Signature _____ Date _____

Title _____

17 For the Agency for International Development

Signature Carlos Quiros Date 5/30/90

Title Carlos Quiros, Director, FVA/PPM

*See HB 3, Sup. A, App. C, Att B, for preparation instructions. Note: The completed form contains sensitive information whose unauthorized disclosure may subject an employee to disciplinary action.