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AWARD/CONTRACT	1. CERTIFIED FOR NATIONAL DEFENSE UNDER BOSA REG. 2 AND/OR DMS REG. 1	RATING N/A	PAGE OF PAGES 1 42
	2. CONTRACT (Proc. Inst. Ident.) NO. 518-0067-C-00-8102-00	3. EFFECTIVE DATE May 1, 1988	4. REQUISITION/PURCHASE REQUEST/PROJECT NO. 518-0067-3-80024 and A1

5. ISSUED BY Regional Contracting Officer USAID/Ecuador Agency for International Development APO, Miami 34039	6. ADMINISTERED BY (If other than Item 5)
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7. NAME AND ADDRESS OF CONTRACTOR (No., street, city, county, State and ZIP Code) FULBRIGHT COMMISSION Av. 12 de Octubre No. 532 Quito - Ecuador	8. DELIVERY N/A <input type="checkbox"/> FOB ORIGIN <input type="checkbox"/> OTHER (See below)	DIP A/DIA RLA RCO OICONT PPD GDO
	9. DISCOUNT FOR PROMPT PAYMENT N/A	10. SUBMIT INVOICES (4 copies unless otherwise specified) TO THE ADDRESS SHOWN IN: ITEM DO 12 FHD RHUDO

11. SHIP TO/MARK FOR N/A	12. PAYMENT WILL BE MADE BY Controller USAID/Ecuador Av. Colombia 1573, Quito - Ecuador
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13. THIS ACQUISITION WAS: (Check appl. box(es)) <input checked="" type="checkbox"/> A. ADVERTISED <input checked="" type="checkbox"/> B. NEGOTIATED PURSUANT TO: FAA of 1961 <input type="checkbox"/> 10 USC 2304(a) <input type="checkbox"/> 41 USC 252(c)	14. ACCOUNTING AND APPROPRIATION DATA See Part I, Section G
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15A. ITEM NO.	15B. SUPPLIES/SERVICES	15C. QUANTITY	15D. UNIT	15E. UNIT PRICE	15F. AMOUNT
	The Contractor shall furnish necessary personnel and management, supplies, services required to assist USAID/Quito to implement the Andean-Peace Scholarship Program (APSP).				

DUPLICATE ORIGINAL

15G. TOTAL AMOUNT OF CONTRACT \$92,000.00 EST.

(V) SEC.	DESCRIPTION	PAGE(S)	(V) SEC.	DESCRIPTION	PAGE(S)
PART I - THE SCHEDULE			PART II - CONTRACT CLAUSES		
X A	SOLICITATION/CONTRACT FORM	1	X I	CONTRACT CLAUSES	25-42
X B	SUPPLIES OR SERVICES AND PRICES/COSTS	2-5	PART III - LIST OF DOCUMENTS, EXHIBITS AND OTHER ATTACH.		
X C	DESCRIPTION/SPECS./WORK STATEMENT	6-21	J	LIST OF ATTACHMENTS	
D	PACKAGING AND MARKING		PART IV - REPRESENTATIONS AND INSTRUCTIONS		
X E	INSPECTION AND ACCEPTANCE	22	K	REPRESENTATIONS, CERTIFICATIONS AND OTHER STATEMENTS OF OFFERORS	
X F	DELIVERIES OR PERFORMANCE	22	L	INSTRS., CONDS., AND NOTICES TO OFFER	
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CONTRACTING OFFICER WILL COMPLETE ITEM 17 OR 18 AS APPLICABLE

17. <input checked="" type="checkbox"/> CONTRACTOR'S NEGOTIATED AGREEMENT (Contractor is required to sign this document and return 6 copies to issuing office.) Contractor agrees to furnish and deliver all items or perform all the services set forth or otherwise identified above and on any continuation sheets for the consideration stated herein. This rights and obligations of the parties to this contract shall be subject to and governed by the following documents: (a) this award/contract, (b) the solicitation, if any, and (c) such provisions, representations, certifications, and specifications, as are attached or incorporated by reference herein. (Attachments are listed herein.)	18. <input type="checkbox"/> AWARD (Contractor is not required to sign this document.) Your offer on Solicitation Number _____ including the additions or changes made by you which additions or changes are set forth in full above, is hereby accepted as to the items listed above and on any continuation sheets. This award consummates the contract which consists of the following documents: (a) the Government's solicitation and your offer, and (b) this award/contract. No further contractual document is necessary.
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19A. NAME AND TITLE OF SIGNER (Type or print) Gonzalo Cartagenas, Executive Director	20A. NAME OF CONTRACTING OFFICER James J. Dunlap Regional Contracting Officer
19B. NAME OF CONTRACTOR BY <u>Gonzalo Cartagenas</u> (Signature of person authorized to sign)	19C. DATE SIGNED May 2, 1988
20B. UNITED STATES OF AMERICA BY <u>James J. Dunlap</u> (Signature of Contracting Officer)	20C. DATE SIGNED 5/3/88

PART I

SECTION B - SUPPLIES OR SERVICES AND PRICES/COSTS

The Contractor shall furnish necessary personnel and management, supplies, services required to assist USAID/Quito to implement the Andean Peace Scholarship Program (APSP) in Quito, as more fully described in SECTION C:

B.1 Estimated Cost and Amount Obligated

This is a cost reimbursement type Contract. The total estimated cost, and price, of this contract is \$92,000.00. The amount obligated is \$92,000.00.

B.2 Budget

(a) The following itemized budget sets forth the estimates for reimbursement of dollar and local currency, costs for individual line items of cost. Without the prior written approval of the Contracting Officer, the Contractor may not exceed the total estimated cost set forth in the budget hereunder, or the obligated amount, whichever is less (see the Article in this section entitled "Estimated Cost and Amount Obligated"). Without the prior written approval of the Contracting Officer, the Contractor may not exceed the estimated cost for any individual line item of cost shown below by more than 15% of such line item.

(b) Itemized Budget

<u>Category</u>	<u>Budget Amount</u>
1. Personnel (Salaries, Fringe Benefits)	\$ 25,860
2. Office Expenses (including Furniture and Equipment)	22,320
3. In-Country Training	6,084
4. Follow-up Activities	6,750
5. In-Country Participant Support Costs	23,363
6. Staff Local, International Travel	2,285
7. Other: Contingencies \$ 4,338	
Audit \$ 1,000	
Subtotal	<u>5,338</u>
TOTAL ESTIMATED COST/PRICE	\$ 92,000

NOTE: It is anticipated that almost all contract expenses will be in local currency. Advances shall be in U.S. dollars for dollar expenses, and in sucres for local currency expenses.

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(c) The Contractor also agrees to furnish data which the Contracting Officer may request on costs expended or accrued under this contract in support of the budget information provided herein.

B.3 Costs Reimbursable Amounts and Logistic Support

The United States dollar and local currency costs allowable under this contract shall be limited to reasonable, allocable, and necessary costs determined in accordance with the clauses of this contract entitled, "Allowable Cost and Payment."

The Contractor will be responsible for all necessary logistics support, except as otherwise specifically noted in this Contract.

B.4 Statement Concerning Indirect Cost Rates

All costs reimbursable under this Contract shall be direct costs. There is no provision for indirect costs such as overhead, general and administrative or others.

B.5 Personnel Compensation

a. In addition to the requirements set forth in AIDAR clauses entitled, "Personnel Compensation"—(Section I), the following criteria are required:

1. Annual Salary Increases

Annual salary increases may not exceed those provided by the Contractor's established policy and practice. Annual salary increases of any kind exceeding these limitations or exceeding the maximum salary FS-1 may be granted only with the advance written approval of the Contracting Officer.

2. Consultants

No compensation for consultants will be reimbursed unless their use under the contract has the advance written approval of the cognizant AID Project Officer, and if such provision has been made or approval given, compensation shall not exceed, without specific approval of the rate by the Contracting Officer, (1) the current compensation or the highest rate of annual compensation received by the consultant during any full year of the immediately preceding three years or (2) the maximum daily salary rate of FS-1.

b. Definitions

As used herein, the terms "Salaries", "Wages", and "Compensation" mean the periodic remuneration received for professional or Technical services rendered exclusive of overseas differential or other allowances associated with overseas service unless otherwise stated. The term "compensation" includes payments for personal services (including fees and honorarial). It excludes earnings from sources other than the individual's professional or technical work, overhead, or other charges.

B.6 Level of Effort

a. The level of effort for the performance of this Contract shall be 44.7 total person months of direct labor.

b. The estimated composition of the total of direct labor is as follows:

Program Management	16.2 months
Administrative/Clerical	13.5 months
Financial	6.0 months
Other	<u>9.0</u> months
Total:	44.7 months *

* Total does not include occasional, temporary help.

c. It is understood and agreed that the rate of work days per month may fluctuate in pursuit of the technical objective.

d. Work Week

The work week for the contractor's overseas employees shall not be less than 40 hours and shall be scheduled to coincide with the work week for those employees of the AID Mission and the Cooperating Country associated with the work of this contract.

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B.7 Key Personnel

a. The key personnel which the contractor will furnish for the performance of this contract, are as follows:

Dr. Jose Julio Cisneros, -Fulbright APSP Project Director
Fulbright Deputy Director

b. The above personnel are considered to be essential to the work being performed hereunder. Prior to diverting the services of these individuals to other projects or programs, the Contractor will notify the Project Officer reasonably in advance and shall submit justification (including proposed substitutions) in sufficient detail to permit evaluation of the impact on the program. No diversion shall be made by the Contractor without the written consent of the Project Officer required by this clause. All substitutions to the above list shall be subject to the Project Officer approval procedures that apply to diversions.

B.8 Authorized Geographic Code

The authorized code for the procurement of goods and services under this Contract is Code 000, United States, plus the Cooperating Country.

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SECTION C - WORK STATEMENT

THE ANDEAN PEACE SCHOLARSHIP PROGRAM

I. PURPOSE OF THE CONTRACT

The purpose of this eight month Contract is to assist USAID/Ecuador to implement the Andean Peace Scholarship Program (APSP) in Ecuador. The APSP objectives are: first, DIPLOMATIC and CULTURAL, that is, to strengthen ties between the U.S. and the Andean countries by exposing trainees to the U.S., its citizens, values, cultures, and institutions to enable them to acquire a realistic and positive understanding of the U.S.; and, second, DEVELOPMENTAL, to provide trainees with appropriate and relevant training to increase their skills and/or broaden their knowledge base in a particular discipline or sector related to priority development concerns in the country. By the end of the Contract, approximately 83 Ecuadorians (70 short-term and 13 long-term) from both the public and private sectors will have received training in the U.S. All participants also will have a better understanding of the U.S. as a result of their exposure to its cultures, citizens, values and institutions.

II. PARAMETERS OF THE APSP

A. Program Overview

In 1987, the Andean Peace Scholarship Program (APSP) was authorized by AID/Washington (AID/W). The APSP is currently a US\$27 million four-year regional training and diplomacy project (1987-1991), which will be implemented in Peru, Bolivia, Ecuador, and Colombia. Of this amount, US\$6.3 million has been allocated for the program in Ecuador. It is estimated that this amount of funding will cover the costs of approximately 303 short-term participants (average of 6 weeks in the U.S.) and 103 long-term participants for about 24 months or a total of up to 433 participants. These funds are to be used to finance: U.S. and related in-country training costs; local program and administrative support costs; and the administrative and program costs of the regional U.S. umbrella contractor, Development Associates, which was selected competitively and contracted by AID/W to provide, among other things, participant placement and support services in the U.S. All training financed under the program must take place in the U.S. In-country activities which are an integral part of the training program, such as English language training (ELT), pre-departure orientation programs, and follow-up activities also will be financed.

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All APSP training activities must include an "Experience America" cultural component which is integrated with the training element of the program. The principal features of "Experience America" activities include the following:

1. Participants see, experience and understand the U.S. -- an open society.
2. They form their own impressions about the U.S.
3. They live with mainstream American families, if feasible.
4. They participate in community and volunteer activities -- experience democracy in action, experience consensus-building.
5. They develop close personal and professional relationships, which continue after the trainees return home.

Follow-up activities are considered a major and integral part of the program and should be defined at the outset as part of the overall training plan for a participant.

B. Program Criteria

In addition to the above, specific program criteria and requirements as developed by the mission are as follows:

1. All participants must be leaders or potential leaders.
2. A minimum of 40% of the total participants must be women.
3. A minimum of 70% of the total participants must be socially and/or economically disadvantaged.
4. A minimum of 10% of the total participants must attend programs at Historically Black Colleges and Universities (HBCUs).
5. A minimum of 30% of the total participants should be sent for long-term (9 months or more) training.

USAIDs in the various countries are to establish and document the rationale for selecting the target groups for this program based on the USAID's interpretation of the overall criteria.

C. Numbers of Participants and Duration of Training

Of the estimated 433 participants, about 303 are likely to receive short-term training for four to eight weeks, and about 130 are likely to receive long-term training for an average of 24 months (including ELT). The number of

participants and the length of training will vary, depending on budgetary and programmatic considerations. Table 1 provides projected numbers of participants by year and duration of training.

D. Target Groups and Nature of Training Programs

The diverse groups from which participants will be selected include, among others, politicians, community leaders and organizers, labor union leaders, students and teachers at both the high school and university levels, journalists, farmers and cooperative leaders, environmental, arts and sports leaders, development specialists and entrepreneurs. While every effort will be made to identify appropriate female candidates in each of the target groups, it is recognized that some groups are under or over-represented by female membership. It is likely, therefore, that women participants will tend to be selected more from the following target groups: self-help programs and small trades, community development activities, secondary school teachers and junior year high school students, students from some universities, farmers, and employees of small businesses.

With regards to the selection process, USAID/Ecuador will work with intermediary organizations to define short-term training needs and generate pools of potential short-term candidates. The intermediary organizations will pre-screen candidates in accordance with criteria provided by the Mission and the APSP staff will review their recommendations and interview candidates as needed. A Steering Committee, composed of representatives from USAID, USIS, the Peace Corps, the U.S. Consulate, and the U.S. Embassy, will provide overall guidance for the program, especially in the area of identifying target groups for each fiscal year. The final selection will be made by the Selection Committee for each target group, to be comprised of U.S. FSN or TCN employees of USAID, Embassy, Peace Corps, and/or other appropriate U.S. government organizations in accordance with the specific area of training. Long-term scholarships will be advertised (with Mission approval) by the contractor for in-country support, who will pre-screen, interview, and recommend promising candidates. Final selection is the responsibility of the APSP Selection Committee.

All participants will attend a pre-departure orientation program in Ecuador to help prepare them for travel, the cultural experience and the formal training. The orientation could include such activities as group lectures, discussions, question/answer sessions, films, reading materials and role playing. Funds will be provided to enable long-term students to obtain English language training (ELT) initially in Ecuador, if appropriate and feasible, followed by training in the U.S. as necessary to meet their study requirements.

The technical U.S. training will range from formal studies at high schools, vocational schools, junior colleges and universities, to observation trips, meetings with officials and technicians, visits to active local community organizations, factories, and farms, seminars, lectures, workshops, and hands-on technical training. Depending on the participants' language skills, the length and purpose of the training, and other factors, training in the U.S. will be offered in Spanish, in English with Spanish interpreters, or in

English without interpreters.

The second component of the training, "Experience America", which is exposure to U.S. culture, its citizens, values and organizations, will be supported through the social contacts and living situations arranged for the participants. If feasible, participants will interact and live with American families. They will also participate in local community events and activities through such organizations as the Scouts, 4-H clubs, civic action groups, sports clubs, cultural societies, church groups, and the like.

E. Follow-Up Activities

Follow-up activities for the participants will be designed to maintain and strengthen ties with U.S. contacts as well as to augment the usefulness of the training experience upon the participant's return to Ecuador. Possible follow-up activities include: 1) distribution of a participant newsletter; 2) placement of participants' names on the mailing lists of the U.S. Information Service (USIS) for cultural events; 3) inclusion of participants on USIS roles as possible speakers and panel members; 4) development of formal ties between U.S. and Ecuadorian universities, 4-H clubs, YMCAs and scout groups; 5) sponsoring seminars led by returned participants; 6) placement of participants' names on mailing lists of relevant U.S. organizations' newsletters and professional journals; 7) provision of small grants for specific self-help projects to the community from which the participant was selected (funding for these activities will be outside the Contract subject to the approval of the USAID/Ecuador Special Development Activity Authority; and 8) assistance in organizing professional associations, such as an association of teachers of English and assistance in networking.

F. Geographic Coverage

An important objective of the program is to achieve the maximum impact possible throughout the country. This means that geographic coverage in the award of scholarships should be broad.

III. ROLES AND RELATIONSHIPS OF IMPLEMENTING ENTITIES

Four institutions will be involved in the implementation of the APSP in Ecuador: (A) the Fulbright Commission under this Contract with USAID/Ecuador ("the Contractor"); (B) the USAID/Mission to Ecuador ("USAID/Ecuador"); (C) the Office of Education, Science and Technology in the Bureau for Latin America and the Caribbean in AID's Washington Office ("AID/Washington"); and (D) Development Associates, which was contracted by AID/Washington ("U.S. contractor"). The roles of and relationships among these institutions are discussed below.

A. The Contractor

The Contractor shall collaborate with USAID/Ecuador to assist in defining

overall training objectives, plans, and programs of activities. In addition, the Contractor shall be responsible for recommending long-term academic candidates for USAID selection, processing both long and short-term participants and conducting or arranging for associated in-country activities for selected participants, such as arranging for international travel, pre-departure orientation, English language training, and follow-up activities.

All formal/official communications regarding all aspects of the Contract shall be directly between the Contractor and USAID/Ecuador.

The specific functions and responsibilities of the Contractor shall include but shall not be limited to the following:

RECRUITMENT, SELECTION, AND PROGRAM DESIGN

1. Assist USAID in defining training program objectives, plans and activities, including but not limited to, priority target groups, priority training areas, participant screening and selection criteria, numbers of participants, length of training, and geographic distribution within Ecuador.
2. Identify potential long-term academic candidates from specific target groups identified by USAID/Ecuador based on established selection criteria and assist with identification of potential short-term candidates as requested by the Mission.
3. Undertake initial screening and arrange for interviews with potential long-term academic candidates in accordance with a procedure to be approved by USAID/Ecuador.
4. Publicize and promote the APSP in selected target populations as requested with USAID approval. This includes the preparation of manuals and/or resource materials on the APSP for all staff and intermediaries, in collaboration with USAID/Ecuador.
5. With the assistance of USAID/Ecuador and the U.S. contractor's representative in Quito, undertake training needs assessments for long-term participants as required to identify specific training needs of target groups.
6. Review proposed training programs for long-term academic participants submitted by the U.S. contractor and make recommendations to USAID/Ecuador as to their relevance, appropriateness and technical merit.

ADMINISTRATIVE PROCEDURES (APPLICATIONS, TESTING, PREPARATION OF DOCUMENTATION, LOGISTICAL SUPPORT, REPORTING)

7. Assist USAID/Ecuador to prepare and pre-test application forms.
8. Assist promising long and short-term candidates to fill out applications.

The Contractor shall ensure that all applications are retained and are available in its files, and that the reasons why applicants were accepted or rejected and criteria used to make the determination are included in the files.

9. Submit to USAID/Ecuador for its review and final approval complete and accurate application forms for long-term candidates recommended by the Contractor.
10. Arrange for the administration of the TOEFL and other tests as required to long-term participants.
11. Prepare documentation for all selected participants.

The Contractor will be responsible for filling out the standard forms used by AID for processing participants (such as biographical data, visa applications, security forms, medical forms) and for preparing unfunded Project Implementation Orders for Participants (PIO/Ps) for submission to USAID/Ecuador. The Contractor also will assist participants, as required, in arranging for medical examinations, in the processing of these forms, as well as working with the U.S. Embassy to secure visas and, where required, security clearances.

12. Provide logistical support to make arrangements for all selected participants to travel to Quito and, in collaboration with the U.S. contractor, to the U.S. and return.

This includes arranging for the procurement of passports for participants as required, making in country arrangements for travel to Quito, and ensuring that the participants have the necessary travel documentation, including visas. Those selected participants from outside of Quito will require accommodations in Quito prior to their departure for pre-departure orientation and language training and to complete the documentation, preparation/approval process, and similarly for 2-3 nights upon their return, depending on flight schedules for debriefing and evaluation sessions. The Contractor will be responsible for all in-country arrangements from the participants' residences up to the point where the participants board the plane. Similarly, the Contractor will provide assistance as required to participants upon their return to Ecuador, especially those participants who live outside of Quito. This may include accompanying groups of participants to the airport in Quito and meeting them upon their return.

13. Participate as resource personnel in periodic evaluations of the APSP undertaken by USAID/Ecuador, AID/Washington, and/or contractors.
14. In collaboration with USAID/Ecuador, determine detailed office needs to implement the Contract and locate suitable office space in Quito.
15. If deemed necessary, negotiate and sign the lease for the office; assume full responsibility for all arrangements to make any needed alterations,

clean-up, repairs, etc. required to "set up" the office; pay all utilities, take care of arrangements for any future office repairs should they arise and handle all business dealings with the owner; and assume all responsibility for running and maintaining the office as part of the Contractor's organization.

16. Submit to USAID/Ecuador quarterly and end-of-contract program progress and financial reports and other documentation in accordance with the terms and conditions of the Contract.
17. Review reports prepared by the U.S. contractor on participants' progress/problems and take appropriate action as required.
18. Review financial reports prepared by the U.S. contractor, and, based on an analysis of the comparative costs of alternative training activities, make recommendations to USAID/Ecuador regarding subsequent training activities under the Contract.
19. Maintain the computerized trainee information systems as developed for APSP by AID/Washington. These programs include PTMS and CIS, previously developed for AID participant training programs.
20. In coordination with Development Associates arrange for timely renewal of return airline tickets.

PRE-DEPARTURE ORIENTATION AND ENGLISH LANGUAGE TRAINING

21. Arrange for and/or conduct in-country English language training (ELT) for selected long-term participants as required, including making all logistical arrangements for participants such as housing and the like, as required.

Some long-term participants may require intensive in-country programs which may or may not be supplemented with ELT in the U.S. It is expected that ELT will be provided by existing Fulbright mechanisms to the extent possible.

22. Design and conduct pre-departure orientation programs for all selected participants under supervision of and with approval of USAID, and with the assistance of the U.S. contractor and/or other consultants.

Given the diverse nature of the various short and long-term participants, orientation programs will need to be tailored to meet the needs of each group.

LIAISON

23. Assist USAID/Ecuador in orienting/educating the staff of the U.S. contractor about the Ecuador specific program, its target groups and

training/cultural objectives, and in arranging possible field visits to areas outside of Quito.

24. Provide liaison with the U.S. contractor, Development Associates, in coordination with USAID/Ecuador and at the Mission's request.

FOLLOW-UP

25. Debrief all participants upon their return from the U.S. to Quito based on an evaluation methodology provided by Aguirre International and/or developed by the Contractor with AID approval.
26. Conduct follow-up activities for returned participants such as those mentioned in section II E of the Scope of Work.

GENERAL

27. Make available the Executive Director to provide general and programmatic oversight, and supervision of activities under the Contract on an as-needed basis.
28. Assist USAID in matters related to the project as specifically requested and as resources permit.

B. USAID/Ecuador

USAID/Ecuador will provide overall program policy and operational guidance and support to the Contractor and will also monitor the implementation of the program in accordance with the terms and conditions of the Contract. In addition, USAID/Ecuador will be responsible for all formal/official communications with Development Associates, the U.S. institution under contract with AID/Washington to place and support all selected participants in training programs in the U.S. for all countries participating in the APSP. Funds for all participants in training programs in the U.S. will be provided by USAID/Ecuador through AID/Washington to the U.S. contractor and will not be included in this Contract. Finally, USAID/Ecuador will be responsible for all communications with AID/Washington regarding all aspects of the APSP.

The specific functions and responsibilities of USAID/Ecuador under the APSP shall include but shall not be limited to the following:

With the approval of the APSP Steering Committee, define annual training program objectives, plans and activities, identify specific long and short-term target groups, define priority training areas, establish specific screening and selection criteria, and establish annual participant training targets (i.e. total numbers of participants) for the life of the program by target groups, duration of training (long-term versus short-term), and geographic distribution within Ecuador.

2. Assist the Contractor to identify potential long-term academic candidates. USAID/Ecuador reserves the right to identify potential long and short-term candidates independently of the Contractor.
3. Identify potential short-term candidates, delegating as necessary to the Contractor's APSP staff.
4. With regard to both short and long-term candidates, identify priority target groups and priority training areas; establish screening and selection criteria, numbers of participants, geographic distribution within Ecuador; and select participants.
5. Ensure that the Contractor receives pertinent data on all potential long-term academic candidates identified by USAID/Ecuador.
6. Make final selection of all participants with approval of the APSP Selection Committee.
7. Advise the U.S. contractor as to USAID/Ecuador's and the Contractor's objectives and recommendations for appropriate training programs and "Experience America" activities for all selected participants, including making arrangements for the transfer of program funds to the U.S. contractor for this purpose.

ADMINISTRATIVE PROCEDURES (APPLICATIONS, PROCESSING OF DOCUMENTATION, REPORTING, AND PROGRAM EVALUATION)

8. Prepare and pre-test application forms with assistance from the Contractor.
 9. Review all completed applications submitted by the Contractor or recommended candidates and interview candidates as necessary.
 10. Process all AID-specific documentation prepared by the Contractor for all selected participants and work with the U.S. Embassy to obtain visas and security clearances.
 11. Receive and review reports from the U.S. contractor on participants' progress/problems and financial reports and transmit these to the Contractor for appropriate action.
 12. Receive and review quarterly program progress and financial reports from the Contractor.
 13. Participate as resource personnel in evaluations of the APSP by AID/Washington and/or consultants.
 14. Conduct program reviews and program workshops as needed, based on information provided by the Contractor as requested by USAID/Ecuador.
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15. Supervise the Contractor in establishing and operating a computerized information system to track all participants through the participant placement process and to store and analyze data from application forms for all selected participants.
16. Train and assist the Contractor's Project office staff in A.I.D. procurement, participant training documentation and financial management procedures.
17. Approve key personnel hired under the Contract, as well as salary levels.

PRE-DEPARTURE ORIENTATION AND ENGLISH LANGUAGE TRAINING

18. Supervise the Contractor's design and implementation of pre-departure orientation and survival English programs, delegating to the Contractor as needed.

FOLLOW-UP

19. Supervise the Contractor's design and implementation of follow-up activities, delegating to the Contractor as needed.
20. Supervise the Contractor in conducting debriefings of all participants upon their return from the U.S., delegating to the Contractor as needed.

GENERAL

21. Arrange for technical assistance to be provided by the U.S. contractor on various aspects of the program as identified by USAID/Ecuador and the Contractor.

C. AID/Washington

AID/Washington negotiated and signed a contract with Development Associates, the U.S. contractor, which was selected competitively to serve as the regional contractor for all four countries (Peru, Ecuador, Colombia, and Bolivia) participating in the APSP. AID/Washington will be responsible for establishing overall program goals and guidelines, arranging for overall evaluations of the program, reporting information on the program within AID/Washington and to the U.S. Congress, and monitoring the performance of the U.S. contractor under the terms of its contract.

D. The U.S. Contractor (Development Associates)

Unless AID otherwise agrees in writing, the functions and responsibilities of the U.S. contractor shall include but shall not be limited to the following:

1. In country (by the Ecuador-based training specialist):

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- . work with USAID in developing and refining methodology and procedures for testing, pre-departure orientation and remedial training;
- advise in selecting and screening trainees;
- . assist in developing appropriate training-program objectives for trainees that are consistent with the APSP objective;
- . work with USAID to establish clear information flows needed for project implementation; and
- . distribute advanced maintenance allowance to trainees prior to travel.

NOTE: The U.S. contractor will NOT be responsible for providing host country orientation/processing and English as a Second Language programs.

In U.S.:

The Contractor shall provide the following services:

- o arrange travel itineraries and purchase domestic (U.S.) and international airline tickets for trainees;
- o analyze training requests from USAID to ensure that sufficient information has been received to develop the training implementation plans;
- o review training requests and other documentation from USAID and request from missions any missing information;
- o determine the need for pre-training upgrading (e.g., English-language training, pre-requisite coursework, or skills upgrading) and inform USAID;
- o develop a training implementation plan which includes the following, at a minimum:
 - explanation of how the proposed training program is consistent with APSP objectives;
 - proposed plan for achieving the APSP objectives, giving special attention to the portion of the program that will enhance the trainees' understanding of the U.S.;
 - methodology for implementing the proposed plan;
 - description of how training will be monitored; and

- description of how training will be evaluated in light of stated objectives.
- o research placement alternatives in training institutions or pre-training institutions (for ELT, etc.). Considerable attention shall be given to ensuring that trainees are placed in institutions where APSP's special objective of enhancing trainees' understanding of the U.S. will be achieved (e.g., institutions with creative and active foreign student advisors);
- o prepare a detailed cost budget using AID's Training Cost Analysis system (TCA);
- o submit training implementation plan and cost plan to USAID;
- o arrange placement in training or pre-training institutions after USAID approves training implementation plans;
- o arrange U.S. domestic and international travel and in-transit lodging as needed;
- o arrange for port-of-entry services for trainees;
- o work with USAID to determine dates of travel; and
- o arrange arrival orientation for all trainees, to include the following, at a minimum:
 - cross-cultural "survival" information needed by trainees;
 - information about payment of allowances procedures, travel procedures, etc.; and
 - information about the trainees' programs, the purposes and requirements of APSP, conditions at their training institutions, and health issues.
- o complete the Participant Data Form (PDF) and submit to S&T/IT (AID's Office of International Training);
- o distribute advanced maintenance allowance to trainees and implement regular allowance payments as required by programs; implement pre-training courses (ELT, skills up-grading, etc.)
- o assist trainees with housing and lodging arrangements as needed;

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- o orient training institutions, dormitory roommates, host families, counterparts and others involved in implementing the project;
- o facilitate registration/enrollment;
- o establish and maintain an 800 telephone number to provide counseling to trainees for program and personal problems and emergencies;
- o receive and review regular progress reports from training institutions and provide reports to USAID;
- o visit academic trainees in their sites at least twice a year;
- o stay in touch with training institution faculty, foreign student advisors, et al;
- o determine training program changes, extensions and terminations and report them to the USAID and S&T/IT, using the PDF;
- o arrange for annual visa renewals as needed;
- o review and pay training bills submitted by training institutions;
- o arrange special activities that support overall program goals and budgets and mission desires;
- o apply the APSP academic in-training questionnaire (obtained from the LAC/DR/EST evaluation contractor after first full term of coursework);
- o notify USAID of program termination and submit appropriate PDF document to S&T/IT;
- o process travel, final allowances, professional society memberships, etc.;
- o notify USAID of expected program termination date, trainee departure date and expected host country arrival time and carrier;
- o apply the APSP exit questionnaire obtained from the LAC/DR/EST evaluation contractor;
- o work with the LAC/DR/EST evaluation contractor to ensure that all required data are received by the evaluation contractor; and

- o assist USAID in planning appropriate follow-up activities (which will not be conducted under this contract).

IV. CONTRACT STATUS STATEMENT

By the end of the first fiscal year of the APSP, it is expected that approximately 70 participants will have been sent to the U.S. for short-term training and returned, and 13 long-term participants will have been sent. Table 1 shows projected numbers of participants by year and duration of training.

V. REPORTING REQUIREMENTS

The Contractor shall prepare all reports in English and shall submit to USAID/Ecuador three (3) copies of each of the reports specified below. USAID/Ecuador shall advise the Contractor as to the specific format to be used for each report.

A. Quarterly Program and Financial Reports

Quarterly program and financial reports shall be prepared by the Contractor and submitted to USAID/Ecuador, no later than two weeks after the end of the reporting period. The reports shall describe accomplishments in meeting planned program objectives, identify significant problem areas, indicate measures to be taken to resolve the identified problems, and itemize program expenditures by budget line item. The first such report shall cover the period ending June 15, 1988. Beginning with the second quarterly report, the Contractor shall provide program data and expenditures both for the reporting period and cumulatively since the inception of the Contract.

B. End-of-Contract Program and Financial Reports

The last quarterly report shall be combined with the end-of-contract report. The report shall summarize the findings, conclusions, and recommendations of the intensive program reviews (described in the Evaluation section of this Scope of Work), and the findings, conclusions and recommendations of the final program evaluation in the last quarter and itemize program expenditures by budget line item.

C. Implementation Plan and Schedule

An implementation plan and schedule will be prepared by the Contractor and submitted to USAID for approval. The plan will identify objectives for the life-of-contract, describe activities and a schedule to accomplish the objectives, identify resources required to carry out the activities, and present a detailed budget of estimated local currency and U.S. dollar costs. The plan, schedule and budget shall be submitted to USAID/Ecuador no later than three weeks after the signing of the contract. The format for the plan and schedule shall be the same as the illustrative plan and schedule included in this Scope of Work.

VI. EVALUATIONS AND AUDITS

A. Evaluations

Three types of evaluation exercises will be carried out under the APSP. The nature of these activities and the extent of involvement of the Contractor in each are summarized below.

1. Intensive Program Reviews and Program Workshops

Toward the end of the life-of-contract, i.e., approximately November of 1988, the Contractor, in collaboration with USAID, will undertake an intensive program review of the preceding year. The intensive review will examine, among other things: progress in meeting planned objectives and outputs; problems encountered in recruiting, selecting and processing participants; feedback from participants obtained during debriefing sessions as to the quality of the training programs and their overall reaction to the Experience America activities, the pre-departure orientation program, and logistical arrangements in Ecuador and in the U.S.; the adequacy of communications between the Contractor and USAID and among USAID, the Contractor and the U.S. contractor; and the adequacy of staffing and technical assistance provided to the program. On the basis of this intensive review, the Contractor will identify possible modifications in program design, administrative arrangements, and program activities for the ensuing year.

2. Final Program Evaluation

Prior to the end of the Contract, approximately November 1988, an external program evaluation will be undertaken by AID/Washington using AID/Washington central funds outside of this Contract. The scope of work for this evaluation shall be reviewed jointly by the Contractor and USAID/Ecuador, both of whom shall serve as resource personnel for the evaluation. The evaluation will involve interviews of staff of the Contractor and USAID/Ecuador in Quito, review of program files, and visits to selected parts of the country to visit former participants. The evaluation shall, among other things: assess the overall impact of the program in terms of both the technical training provided and a better understanding of the U.S. on the part of participants; assess the sustainability of follow-up activities and the likelihood of continued long-term relationships between the participants and their U.S. colleagues; and identify lessons learned for implementing future programs of this nature.

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3. Impact and Other Evaluation Studies

Using AID/Washington central funds outside of this Contract, the U.S. firm of Checchi-Aguirre, which is the APSP umbrella formative evaluation contractor, will conduct a series of impact and formative evaluation studies on participants' perceptions and attitudes and other topics of interest. Scopes of Work for these evaluations will be reviewed jointly by the Contractor and USAID prior to the implementation of the studies.

B. Audits

In addition to periodic financial reviews of Contract activities by the USAID/Ecuador Controller, at the latter's discretion, the Contractor shall engage the services of a local independent accounting firm to conduct formal audits of activities under the Contract and the uses of AID grant funds. An audit will be conducted near the end of the Contract or at such other times as may be requested by USAID/Ecuador. Funds have been budgeted for this purpose in the Contract in the amount of US\$1,000. The Contractor's obligation to cause the audits to be performed is limited to the availability of contract funds allocated for this purpose by AID. However, this limitation does not restrict AID's right to audit or to contract for outside audits of the contract, utilizing other sources of funding.

VII. CONTRACTOR PERSONNEL *

As soon as possible after the Contract is signed, the Contractor shall recruit and hire, using funds under the Contract, the following full-time personnel for the duration of the nine month contract to staff the Contractor's project office in Quito: (A) An Assistant AID Project Director (FSN I2-2); (B) A Program Specialist (FSN 11-1); (C) an Administrative Assistant; (D) A Bilingual Secretary (FSN-6-1); (E) a half-time Bilingual Secretary (FSN 6-1); (F) an Assistant to the Accountant; (G) a messenger (half time); and (H) a Janitor (half-time). Additional staff for the Contractor's office in Quito may be hired subject to the approval of USAID/Ecuador provided they can be justified on the basis of workload considerations and provided that funds are available. Funds will also be made available for office equipment, supplies, telephone/postage and travel/per diem to support such individuals or others that the Contractor may identify, subject to USAID/Ecuador approval.

- * The positions and grade levels set forth below are illustrative. Subject to not exceeding the authorized level of effort, actual positions and grades shall be as approved by the AID Project Officer.

SECTION E - INSPECTION AND ACCEPTANCE

Clauses Incorporated by Reference (April 1984). This contract incorporates the following clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make the full text available.

Federal Acquisition Regulation (48 CFR Chapter 1) Clauses

52.246-03 Inspection of Supplies -Cost Reimbursement (APR 1984)

52.246-05 Inspection of Services -Cost Reimbursement (APR 1984)

SECTION F - DELIVERIES OR PERFORMANCE

F.1 Report preparation requirements are as set forth in Section C. V.

F.2 The effective date of this contract is May 1, 1988
and the estimated completion date is January 31, 1989.

F.3 In the event that the Contractor fails to furnish the level of effort set forth herein within the specified term then the Contracting Officer may require the Contractor to continue performance of the work beyond the estimated completion date until the Contractor has furnished the specified level of effort or until the estimated cost of work for such period shall have been expended.

F.4 Clauses Incorporated By Reference (April 1984). This contract incorporates the following clause by reference, with the same force and effect as if it was given in full text. Upon request, the Contracting Officer will make the full text available.

Federal Acquisition Regulation (48 CFR Chapter 1) Clause

52.212-13 Stop Work Order (APR 1984) -Alternate 1.

SECTION G - CONTRACT ADMINISTRATION DATA

PIO/T No.: 518-0067-3-80024 and A1

Obligation Data:

<u>Amount</u>	<u>App</u>	<u>BPC</u>	<u>RSV CTE No.</u>
\$ 35,956	72-1181021	LDNA-88-25518-KG13	P800129
\$ 26,756	"	LDHA-88-25518-KG13	P800130
\$ 29,288	"	LDEA-88-25518-KG13	P800094
\$ 92,000	TOTAL		

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SECTION H - SPECIAL CONTRACT REQUIREMENTS

H.1 The Contractor will not have access to classified information during the term of this Contract.

H.2. Rights in Data (September 1986)

(a) The term "Subject Data" as used herein includes writings, software, electronic or punchcard stored data, sound recordings, pictorial reproductions, drawings or other graphical representations, and works of any similar nature (whether or not copyrighted) which are specified to be delivered under this contract. The term does not include financial reports, cost analyses, and other information incidental to contract administration. The term "software" means any computer programs with supporting documentation and specifications necessary to produce desired outputs except that this term excludes programs supplied by the hardware manufacturer.

(b) All Subject Data first produced in the performance of this contract shall be the sole property of the U.S. Government. The Contractor agrees not to assert any rights at common law or equity and not to establish any claim to statutory copyright in such Data. The Contractor shall not publish or reproduce such Data in whole or in part or in any manner or form, nor authorize others to do so, without the written consent of the U.S. Government until such time as the U.S. Government may have released such Data to the public.

(c) The Contractor agrees to grant and does hereby grant to the U.S. Government and to its officers, agents, and employees acting within the scope of their official duties, a royalty-free, nonexclusive, and irrevocable license throughout the world (i) to publish, translate, reproduce, deliver, perform, use, and dispose of, in any manner, any and all Data not first produced or composed in the performance of this contract but which is incorporated in the work furnished under this contract, and (ii) to authorize others to do so.

(d) The Contractor shall indemnify and save and hold harmless the Government, its officers, agents and employees acting within the scope of their official duties against any liability including, costs and expenses: (i) For violation of proprietary rights, copyright or right of privacy, arising out of the publication, translation, reproduction, delivery, performance, use or disposition of any Data furnished under this contract; or (ii) based upon libelous or other unlawful matter contained in such Data

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(e) Nothing contained in this clause shall imply a license to the U.S. Government under any patent or be construed as affecting the scope of any license or other right otherwise granted to the Government under any patent.

(f) Paragraph (c) and (d) of this section are not applicable to material furnished to the Contractor by the U.S. Government and incorporated in the work furnished under the Contract, provided, such incorporated material is identified by the Contractor at the delivery of such work.

(g) The Contractor shall secure from all personnel engaged in the performance of this contract commitments adequate to assure that the Contractor will be able to discharge its obligations under this "Rights in Data" clause.



PART II

SECTION I - CONTRACT CLAUSES

1. Clauses Incorporated by Reference (APR 1984)

This contract incorporates the following clauses by reference with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available.

a. Federal Acquisition Regulation (48 CFR Chapter 1) Clauses

- 52.202-1 Definitions (APR 1984)
- 52.203-1 Officials Not to Benefit (APR 1984)
- 52.203-3 Gratuities (APR 1984)
- 52.203-5 Covenant Against Contingent Fees (APR 1984)
- 52.203-6 Restrictions on Subcontractor Sales to the Government (JUL 1985)
- 52.203-7 Anti - Kickback Procedures (FEB 1987)
- 52.204-2 Security Requirements (APR 1984)
- 52.215-1 Examination of Records by Comptroller General (APR 1984)
- 52.215-2 Audit-Negotiation (APR 1984)
- 52.215-22 Price Reduction for Defective Cost or Pricing Data (APR 1984)
- 52.215-24 Subcontractor Cost or Pricing Data (APR 1985)
- 52.215-31 Waiver of Facilities Capital Cost of Money (SEP 1987)

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52.215-3	Order of Precedence (JAN 1986)
52.216-7	Allowable Cost and Payment (APR 1984).
52.216-1	Cost Contract - No Fee (APR 1984)
52.222-2	Payment of Overtime Premiums (APR 1984)
52.224-1	Privacy Act Notification (APR 1984)
52.224-2	Privacy Act (APR 1984)
52.225-11	Certain Communist Areas (APR 1984)
52.227-8	Reporting of Royalties (Foreign) (APR 1984)
52.228-7	Insurance - Liability to Third Persons (APR 1984)
52.229-8	Taxes-Foreign Cost Reimbursement Contracts (APR 1984)
52.232-9	Limitation on Withholding of Payments (APR 1984)
52.232-22	Limitation of Funds (APR 1984)
52.232-23	Assignment of Claims (JAN 1986)
52.233-1	Disputes (APR 1984)
52.233-3	Protest After Award (JUN 1985)
52.237-3	Continuity of Services (APR 1984)
52.242-1	Notice of Intent to Disallow Cost (APR 1984)
52.243-2	Changes - Cost Reimbursement - Alternate II (AUG 1987)

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- 52.244-2 Subcontracts (Cost - Reimbursement and Letter Contracts) (JUL 1985)
- 52.244-5 Competition in Subcontracting (APR 1984)
- 52.245-5 Government Property (Cost Reimbursement, Time - and - Material, or Labor - Hour Contracts) (APR 1984)
- 52.246-25 Limitation of Liability - Services (APR 1984)
- 52.247-1 Commercial Bill of Lading Notations (APR 1984)
- 52.247-63 Preference for U.S. Flag Air Carriers (APR 1984)
- 52.247-64 Preference for Privately Owned U.S. Flag Commercial Vessels (APR 1984)
- 52.249-6 Termination (Cost - Reimbursement) (May 1986)
- 52.249-14 Excusable Delays (APR 1984)
- b. Agency for International Development Acquisition Regulation (48 CFR Chapter 7) Clauses
- 752.202 AID Definitions Clause - General Supplement for Use in All AID Contracts (APR 1984) - Alternate 70
- AID Definitions Clause - Supplement for AID Contracts Involving Performance Overseas (DEC 1986 - Alternate 72
- 752.228-70 Insurance - Worker's Compensation, Private Automobiles, Marine and Air Cargo (APR 1984) - Alternate 70

752.245-71 Title to and Care of Property (APR 1984)

752.7001 Biographical Data (APR 1984)

752.7002 Travel Expenses and Transportation and Storage Expenses (AUG 1986) - Alternate 70

752.7003 Payment (Alternate 70) Interest on Overdue Payments (APR 1984)
Payment Due dates (NOV 1984)
Invoice Requirements (APR 1984)
Documentation for Payment (APR 1984) (Alternate 71)

752.7004 Source and Nationality Requirements for Procurement of Goods and Services (MAY 1986)

752.7005 Language, Weights, and Measures (APR 1984)

752.7006 Notices (APR 1984)

752.7007 Personnel Compensation (AUG 1984)

752.7008 Use of Government Facilities or Personnel (APR 1984)

752.7009 Marking (APR 1984)

752.7010 Conversion of U.S. Dollars to Local Currency (APR 1984)

752.7011 Orientation and Language Training (APR 1984)

752.7013 Contractor - Mission Relationships (APR 1984) (Alternate 70)

752.7014 Notice of Changes in Travel Regulations (APR 1984)



752.7015	Use of Pouch Facilities (APR 1984)
752.7017	Local Cost Financing with U.S. Dollars (APR 1984)
752.7018	Health and Accident Coverage for AID Participant Trainees (AUG 1984) (Alternate 70)
752.7019	Participant Training (APR 1984) (Alternate 70)
752.7020	Organizational Conflicts of Interest (MAY 1985)
752.7023	Required Visa Form for AID Participants (APR 1984)
752.7025	Approvals (APR 1984)
752.7026	Reports (JUN 1987)
752.7027	Personnel (APR 1984) (Alternate 71)
752.7028	Differentials and Allowances (MAR 1986)
752.7029	Post Privileges (APR 1984)
752.7031	Leave and Holidays (APR 1984) (Alternate 72)

II. Alterations in Contract (APR 1984)

Portions of this contract are altered as follows:

1. FAR 52.204-2, "Security Requirements"

- Revise Paragraph (a) as follows:

"(a) This clause applies to the extent that this contract involves access to classified ('Confidential', 'Secret', or 'Top Secret'); or administratively controlled ('Limited Official Use') information."

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ANNUAL REPORT OF GOVERNMENT PROPERTY
IN CONTRACTOR'S CUSTODY

(Name of Contractor) As of (End of Contract Year, 19xx)

Motor Vehicles	Furniture and Furnishings - Office	Living Quarters	Other Nonexpendable Property
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Value of property
as of latest report.

Transactions during
this reporting period.

1. Acquisition (add):

- a. Purchased by contractor 1/
- b. Transferred from AID 2/
- c. Transferred from others-Without reimbursement 3/

2. Disposals (deduct):

- a. Returned to AID - Contractor Purchased
- b. Transferred to other Government agencies 3/
- c. Other disposals 3/

Value of property as of reporting
date.

Estimated average age of
Contractor held property.

Years

Years

Years

30

2. FAR 52.222-2, "Payment for Overtime Premiums"
 - Paragraph (a), insert "Zero".
3. FAR 52.229-8, "Taxes - Foreign Cost - Reimbursement Contract,"
 - Insert "Ecuador".
4. FAR 52.245-5, "Government Property (Cost - Reimbursement, Time - and - Material, or Labor Hour Contracts)"
 - Add the following:

Preface: To be inserted preceding the text of the FAR clause.

"The term "Government furnished property" wherever it may appear in the following clause, shall mean (1) non-expendable personal property owned by or leased to the U.S. Government and furnished to the Contractor and (2) personnel property furnished either prior to or during the performance of this contract by any U.S. Government accountable officer to the Contractor for use in connection with performance of this contract identified by such officer as accountable. The term "Government property," however it may appear in the following clause, shall mean government-furnished property and non-expendable personal property title to which vests in the U.S. Government under this contract. non-expendable property, for purposes of this contract, is defined as property which is complete in itself, does not lose its identity or become a component part of another article when put into use; is durable, with an expected service life of two years or more; and which has a unit cost of more than \$500.

Reporting Requirements: To be inserted Following the text of the FAR Clause.

Reporting Requirements: The Contractor will submit an annual report on all non-expendable property in a form and manner acceptable to AID substantially as follows:

- 1/ Property which is complete in itself, does not lose its identity or become a component part of another article when put into use; is durable, with an expected service life of two years or more; and which has a unit cost of more than \$500.
- 2/ Government furnished property listed in this Contract as non-expendable.
- 3/ Explain if transactions were not processed through or otherwise authorized by AID.

PROPERTY INVENTORY VERIFICATIONS

I attest that (1) physical inventories of Government property are taken not less frequently than annually; (2) the accountability records maintained for Government property in our possession are in agreement with such inventories; and (3) the total of the detailed accountability records maintained agrees with the property value shown opposite Line C above, and the estimated average age of each category of property is as cited opposite Line D above.

Authorized Signature

5. AIDAR 752.228-70, "Insurance-Worker's Compensation, Private Automobiles, Marine and Air Cargo (APR 1984) - Alt 70.

Add the following:

- (d) All policies required by AID will provide that in the event of cancellation or change in policy coverage 30 days prior written notice will be given to the cognizant Contracting Officer.

III. Other Clauses

FAR 52.232-12, Advance Payments (APR 1984)

- (a) Requirements for Payment. Advance payments will be made under this contract (1) upon submission of properly certified invoices or vouchers by the Contractor, and approval by the administering office, USAID/Ecuador, GDO, or (2) under a letter of credit. The amount of the invoice or voucher submitted plus all advance payments previously approved but not yet liquidated shall not exceed \$20,000. If a letter of credit is used, the Contractor shall withdraw cash only when needed for disbursements acceptable under this contract and report cash disbursements and balances as required by the administering office. The Contractor shall apply terms similar to this clause to any advance payments to subcontractors.
- (b) Special bank account. Until (1) the Contractor has liquidated all advance payments made under the contract and related interest charges and (2) the administering office has approved in writing the release of any funds due and payable to the Contractor, all advance payments and other payments under this contract shall be made by check payable to the Contractor marked for deposit only in the Contractor's special bank accounts with the CITIBANK. None of the funds in the special bank account, shall be mingled with other funds of the Contractor. Withdrawals from the special bank account may be made only by check of the Contractor countersigned by the Contracting Officer or a Government countersigning agent designated in writing by the Contracting Officer. However, for this contract, countersignature on behalf of the Government will not be required unless it is determined necessary by the administering office.
- (c) Use of funds. The Contractor shall withdraw funds from the special bank account only to pay for allowable costs as prescribed by the B2 Budget of this contract. Payment for any other types of expenses shall be approved in writing by the administering office.

- (d) Repayment to the Government. At any time, the Contractor may repay all or any part of the funds advanced by the Government. Whenever requested in writing to do so by the administering office, the Contractor shall repay to the Government any part of unliquidated advance payments considered by the administering office to exceed the Contractor's current requirements or the amount specified in paragraph (a) above. If the Contractor fails to repay the amount requested by the administering office, all or any part of the unliquidated advance payments may be withdrawn from the special bank account by check signed by only the countersigning agent and applied to reduction of the unliquidated advance payments under this contract.
- (e) Maximum payment. When the sum of all unliquidated advance payments, unpaid interest charges, and other payments equal the total estimated cost of \$ 92,000 (not including fixed-fee, if any) for the work under this contract, the Government shall withhold further payments to the Contractor. Upon completion or termination of the contract, the Government shall deduct from the amount due to the Contractor all unliquidated advance payments and interest charges payable. The Contractor shall pay any deficiency to the Government upon demand. For purposes of this paragraph, the estimated cost shall be considered to be the stated estimated cost, less any subsequent reductions of the estimated cost, plus any increases in the estimated costs that do not, in the aggregate, exceed \$ 9,200. (This amount may not be higher than 10 percent of the stated estimated cost inserted in this paragraph.) The estimated cost shall include, without limitation, any reimbursable cost (as estimated by the Contracting Officer) incident to a termination for the convenience of the Government. Any payments withheld under this paragraph shall be applied to reduce the unliquidated advance payments. If full liquidation has been made, payments under the contract shall resume.
- (f) Interest. No interest shall be charged to the prime Contractor for advance payments except for interest charged during period of default. The terms of this paragraph concerning interest charges for advance payments shall not apply to the prime Contractor.

- (1) The Contractor shall pay interest to the Government on the daily unliquidated advance payments at the daily rate specified in subparagraph (f) (3) below. Interest shall be computed at the end of each calendar month for the actual number of days involved. For the purpose of computing the interest charge, the following shall be observed:
 - (i) Advance payments shall be considered as increasing the unliquidated balance as of the date of the advance payment check.
 - (ii) Repayments by Contractor check shall be considered as decreasing the unliquidated balance as of the date on which the check is receiving by the Government authority designated by the Contracting Officer.
 - (iii) Liquidations by deductions from payments to the Contractor shall be considered as decreasing the unliquidated balance as of the dates on which the Contractor presents to the preparation of each voucher. Credits resulting from these deductions shall be made upon the approval of the reimbursement vouchers by the Disbursing Officer, based upon the Contracting Officer's certification of the applicable dates.
- (2) Interest charges resulting from the monthly computation shall be deducted from any payments on account of the fixed-fee due to the Contractor. If the accrued interest exceeds the payment due, any excess interest shall be carried forward and deducted from subsequent payments of the contract price or fixed-fee. Interest carried forward shall not be compounded. Interest on advance payments shall cease to accrue upon (i) satisfactory completion or (ii) termination of the contract for the convenience of the Government. The Contractor shall charge interest on advance payments to subcontractors in the manner described above and credit the interest to the Government. Interest need not be charged on advance payments to the nonprofit educational or research subcontractors for experimental, developmental, or research work.
- (3) If interest is required under the contract, the Contracting Officer shall determine a daily interest rate based on the higher of (i) the published prime rate of the banking institution (depository) in which

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the special bank account is established or (ii) the rate established by the Secretary of the Treasury under Pub. L. 92-41 (50 U.S.C. App. 1215(b)(2)). The Contracting Officer shall revise the daily interest rate during the contract period in keeping with any changes in the cited interest rates.

- (4) If the full amount of interest charged under this paragraph has not been paid by deduction or otherwise upon completion or termination of this contract, the Contractor shall pay the remaining interest to the Government on demand.
- (g) Bank Agreement. Before any advance payment is made under this contract or if not before, as soon thereafter as possible, the Contractor shall transmit to the administering office, in the form prescribed by the administering office, an agreement in triplicate from the bank in which the special bank account is established, clearly setting forth the special character of the account and the responsibilities of the bank under the account. If possible, the Contractor shall select a bank that is a member bank of the Federal Reserve System or is an "insured" bank within the meaning of the Federal Deposit Insurance Corporation Act (12 U.S.C. 1811).
- (h) Lien on special Bank Account. The Government shall have a lien upon any balance in the special bank account paramount to all other liens. The Government lien shall secure the repayment of any advance payments made under this contract and any related interest charges.
- (i) Lien on property under Contract. (1) All advance payments under this contract, together with interest charges, shall be secured, when made, by supplies or other things covered by this contract and on all material and other property acquired for or allocated to the performance of this contract, except to the extent that the Government by virtue of any other terms of this contract, or otherwise, shall have valid title to the supplies, materials, or other property as against other creditors of the Contractor.
- (2) The Contractor shall identify, by marking or segregation, all property that is subject to a lien in favor of the Government by virtue of any terms of this contract in such a way as to indicate that it is subject to a lien and that it has been acquired for or allocated to performing this contract, if for any reason,

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the supplies, materials, or other property are not identified by marking or segregation, the Government shall be considered to have a lien to the extent of the Government's interest under this contract on any mass of property with which the supplies, materials, or other property are commingled. The Contractor shall maintain adequate accounting control over the property on its books and records.

- (3) If, at any time during the progress of the work on the contract, it becomes necessary to deliver to a third person any items or materials on which the Government has a lien, the Contractor shall notify the third person of the lien and shall obtain from the third person a receipt in duplicate acknowledging the existence of the lien. The Contractor shall provide a copy of each receipt to the Contracting Officer.
- (4) If, under the termination clause, the Contracting Officer authorizes the Contractor to sell or retain termination inventory, the approval shall constitute a release of the Government's lien to the extent that--
 - (i) The termination inventory is sold or retained and
 - (ii) The sale proceeds or retention credits are applied to reduce any outstanding advance payments.
- (j) Insurance. The Contractor represents and warrants that it maintains with responsible insurance carriers (1) insurance on plant and equipment against fire and other hazards, to the extent that similar properties are usually insured by others operating plants and properties of similar character in the same general locality; (2) adequate insurance against liability on account, of damage to persons or property; and (3) adequate insurance under all applicable workers' compensation laws. The Contractor agrees that, until work under this contract has been completed and all advance payments made under the contract have been liquidated, it will maintain this insurance; maintain adequate insurance on any materials, parts, assemblies, subassemblies, supplies, equipment, and other property acquired for or allocable to this contract and subject to the Government lien under paragraph (i) of this clause; and furnish any certificates with respect to its insurance that the administering office may require.

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- (k) Default. (1) If any of the following events occurs, the Government may, by written notice to the Contractor, withhold further withdrawals from the special bank account and further payments on this contract:
- (i) Termination of this contract for a fault of the Contractor
 - (ii) A finding by the administering office that the Contractor has failed to--
 - (A) Observe any of the conditions of the advance payment terms;
 - (B) Comply with any material terms of this contract;
 - (C) Make progress or maintain a financial condition adequate for performance of this contract;
 - (D) Limit inventory allocated to this contract to reasonable requirements; or
 - (E) Avoid delinquency in payment of taxes or of the costs of performing this contract in the ordinary course of business.
 - (iii) The appointment of a trustee, receiver, or liquidator for all or a substantial part of the Contractor's property, or the institution of proceedings by or against the Contractor for bankruptcy, reorganization, arrangement, or liquidation.
 - (iv) The service of any writ of attachment, levy of execution, or commencement of garnishment proceedings concerning the special bank account.
 - (v) The commission of an act of bankruptcy

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- (2) If any of the events described in subparagraph (1) above continue for 30 days after the written notice to the Contractor, the Government may take any of the following additional actions:
- (i) Withdraw by checks payable to the Treasurer of the United States, signed only by the countersigning agency, all or any part of the balance in the special bank account and apply the amounts to reduce outstanding advance payments and any other claims of the Government against the Contractor.
 - (ii) Charge interest, in the manner prescribed in paragraph (f) above, on outstanding advance payments during the period of any event described in subparagraph (1) above
 - (iii) Demand immediate repayment by the Contractor of the unliquidated balance of advance payments.
 - (iv) Take possession of and, with or without advertisement, sell at public or private sale all or any part of the property on which the Government has a lien under this contract and, after deducting any expenses incident to the sale, apply the net proceeds of the sale to reduce the unliquidated balance of advance payments or other Government claims against the Contractor.
- (3) The Government may take any of the actions described in subparagraphs (k)(1) and (2) of this clause it considers appropriate at its discretion and without limiting any other rights of the Government.
- (l) Prohibition against assignment. Notwithstanding any other terms of this contract, the Contractor shall not assign this contract, any interest therein, or any claim under the contract to any party.
 - (m) Information and access to records. The Contractor shall furnish to the administering office (1) monthly or at other intervals as required, signed or certified balance sheets and profit and loss statements together with a report on the operation of the special bank account in the form prescribed by the administering office; and (2) if requested, other

information concerning the operation of the Contractor's business. The Contractor shall provide the authorized Government representatives proper facilities for inspection of the Contractor's books, records, and accounts.

- (n) Other security. The terms of this contract are considered to provide adequate security to the Government for advance payments; however, if the administering office considers the security inadequate, the Contractor shall furnish additional security satisfactory to the administering office, to the extent that the security is available.
- (o) Representations and warranties. The Contractor represents and warrants the following:
 - (1) The balance sheet, the profit and loss statement, and any other supporting financial statements furnished to the administering office fairly reflect the financial condition of the Contractor at the date shown or the period covered, and there has been no subsequent materially adverse change in the financial condition of the Contractor.
 - (2) No litigation or proceedings are presently pending or threatened against the Contractor, except as shown in the financial statements.
 - (3) The Contractor has disclosed all contingent liabilities, except for liability resulting from the renegotiation of defense production contracts, in the financial statements furnished to the administering office.
 - (4) None of the terms in this clause conflict with the authority under which the Contractor is doing business or with the provision of any existing indenture or agreement of the Contractor.

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- (5) The Contractor has the power to enter into this contract and accept advance payments, and has taken all necessary action to authorize the acceptance under the terms of this contract.
- (6) The assets of the Contractor are not subject to any lien or encumbrance of any character except for current taxes not delinquent, and except as shown in the financial statements furnished by the Contractor. There is no current assignment of claims under any contract affected by these advance payment provisions.
- (7) All information furnished by the Contractor to the administering office in connection with each request for advance payments is true and correct.
- (8) These representations and warranties shall be continuing and shall be considered to have been repeated by the submission of each invoice for advance payments.

(p) Covenants. To the extent the Government considers it necessary while any advance payments under this contract remain outstanding, the Contractor, without the prior written consent of the administering office shall not --

- (1) Mortgage, pledge, or otherwise encumber or allow to be encumbered, any of the assets of the Contractor now owned or subsequently acquired, or permit any preexisting mortgages, liens, or other encumbrances to remain on or attach to any assets of the Contractor which are allocated to performing this contract and with respect to which the Government has a lien under this contract;
- (2) Sell, assign, transfer, or otherwise dispose of accounts receivable, notes, or claims for money due or to become due;
- (3) Declare or pay any dividends, except dividends payable in stock of the corporation, or make any other distribution on account of any shares of its capital stock, or purchase, redeem, or otherwise acquire for value any of its stock, except as required by sinking fund or redemption arrangements reported to the administering office incident to the establishment of these advance payment provision;
- (4) Sell, convey, or lease all or a substantial part of its assets;

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- (5) Acquire for value the stock or other securities of any corporation, municipality, or governmental authority, except direct obligations of the United States;
- (6) Make any advance or loan or incur any liability as guarantor, surety, or accommodation endorser for any party;
- (7) Permit a writ of attachment or any similar process to be signed against its property without getting a release or bonding the property within 30 days after the entry of the writ of attachment or other process;
- (8) Pay any remuneration in any form to its directors, officers, or key employees higher than rates provided in existing agreements of which notice has been given to the administering office; accrue excess remuneration without first obtaining an agreement subordinating it to all claims of the Government; or employ any person at a rate of compensation over the FS-1 rate;
- (9) Change substantially the management, ownership, or control of the corporation;
- (10) Merge or consolidate with any other firm or corporation, change the type of business or engage in any transaction outside the ordinary course of the Contractor's business as presently conducted;
- (11) Deleted.
- (12) Create or incur indebtedness for advances, other than advances to be made under the terms of this contract, or for borrowings;
- (13) Make or covenant for capital expenditures exceeding \$ N/A in total;
- (14) Permit its net current assets, computed in accordance with generally accepted accounting principles, to become less than \$ N/A; or
- (15) Make any payments on account of the obligations listed below, except in the manner and to the extent provide in this contract.

Not applicable.

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