

**U. S. AID MISSION TO DOMINICAN REPUBLIC**

AMERICAN EMBASSY, P. O. Box 22201  
SANTO DOMINGO, DOMINICAN REPUBLIC

*PD KAV-641*

FOR U.S. CORRESPONDENTS:  
U.S. AID MISSION  
APO MIAMI 34041-0008

Dr. Andrés Dauhajre, Jr.  
Executive Director  
Fundación Economía y  
Desarrollo, Inc.  
Ave. A. Lincoln esq. J.F.  
Kennedy  
Edificio Nissan, 2da planta  
Santo Domingo, D.N.

Dr. Andrés Dauhajre, hijo  
Director Ejecutivo  
Fundación Economía y  
Desarrollo, Inc.  
Ave. A. Lincoln esq. J.F.  
Kennedy  
Edificio Nissan, 2da planta  
Santo Domingo, D.N.

Subject: Economic Education  
Grant. A.I.D. Project No.  
517-0264.

Asunto: Donación Educación  
Económica. Proyecto de la  
A.I.D. No. 517-0264.

Dear Dr. Dauhajre, Jr:

Estimado Dr. Dauhajre, hijo:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as A.I.D. or "Grantor") hereby grants to the Fundación Economía y Desarrollo, Inc. (hereinafter referred to as Fundación or "Grantee"), the sum of Three Hundred Thousand United States Dollars (US\$300,000) to provide funding for program expenses to consolidate activities carried out by the Foundation with the purpose of providing public awareness of basic economic principles, as more fully described in Attachment 2 of this grant, entitled Program Description.

De conformidad con la autoridad contenida en la Ley de Asistencia Extranjera de 1961 y sus enmiendas, la Agencia para el Desarrollo Internacional (en lo adelante denominada A.I.D. o "Donante") por la presente dona a la Fundación Economía y Desarrollo, Inc. (en lo adelante denominada Fundación o "Donatario"), la suma de Trescientos Mil Dólares Estadounidenses (US\$300,000) para financiar los gastos del programa relacionados con la consolidación de las actividades que lleve a cabo la Fundación con el propósito de promover la toma de conciencia pública de los principios básicos económicos, tal y como se describe más ampliamente en el Anexo 2 de esta donación, titulado Descripción del Programa.

This grant is effective and obligation is made as of the date of this letter, and shall apply to commitments made by the Grantee in furtherance of the program objectives during the period beginning with the effective date and ending July

Esta donación es efectiva, y el compromiso obligatorio, a partir de la fecha de esta carta y se aplicará a los compromisos que asuma el Donatario en cumplimiento de los objetivos programados durante el periodo que

30, 1993 (hereinafter referred to as the Project Activity Completion Date or PACD).

comienza en la fecha de efectividad y termina el 30 de julio de 1993 (en lo adelante denominada, Fecha Término para Completar el Proyecto FTCP).

This grant is made to the grantee on the condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1 and Attachment 2 which have been agreed to by your organization.

Esta donación se hace al Donatario con la condición de que los fondos sean administrados de conformidad con los términos y condiciones establecidas en los Anexos 1 y 2 los cuales han sido aceptados por su institución.

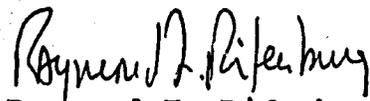
Please sign the Statement of Assurance of Compliance, enclosed herein, and the original of this letter to acknowledge your acceptance of the conditions under which these funds have been granted.

Favor de firmar la Declaración de Aceptación que aquí se anexa y el original de esta carta en reconocimiento de su aceptación de las condiciones bajo las cuales estos fondos han sido donados.

In the event of ambiguity between the English and Spanish versions of this Grant the English language version controls.

En caso de ambigüedad entre las versiones en inglés y español de esta Donación, la versión en el idioma inglés prevalecerá.

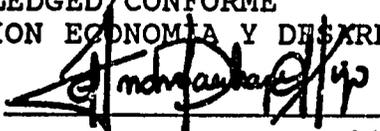
Sincerely,

  
Raymond F. Rifenburg  
Director

**Attachments/Anexos:**

1. Schedule/Programa
2. Program Description/Descripción del Proyecto
3. Mandatory Standard Provisions/Disposiciones Estandar Obligatorias
4. Optional Standard Provisions/Disposiciones Estandar Opcionales

ACKNOWLEDGED/CONFORME  
FUNDACION ECONOMIA Y DESARROLLO, INC.

BY/POR: 

NAME/NOMBRE: ANDRES DAUHASTRE, hijo

TITLE/TITULO: Executive Director

DATE/FECHA: 30 JUL. 1991

**ASSURANCE OF COMPLIANCE WITH THE  
AGENCY FOR INTERNATIONAL DEVELOPMENT REGULATION  
UNDER TITLE VI OF THE CIVIL RIGHTS ACT OF 1964**

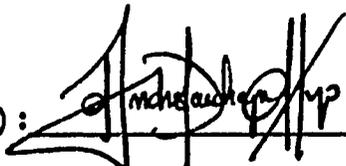
The Fundación Economía y Desarrollo, Inc. (hereinafter called the "Grantee" HEREBY AGREE THAT it will comply with Title VI of the Civil Rights Act of 1964 (P.L.88-352) and all requirements imposed by or pursuant to the Regulation of the Agency for International Development (22 CFR Part 209, 30 FR 317) issued pursuant to that title, to the end that, in accordance with Title VI of that Act and the Regulation, no person in the United States shall, on the ground of race, color, religion, sex or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under and program or activity for which the Grantee receives Federal Financial assistance from the Agency; and HEREBY GIVES ASSURANCE THAT it will immediately take any measures necessary to effectuate this agreement.

If any real property or structure thereon is provided or improved with the aid of Federal financial assistance extended to the Grantee by the Agency, this assurance shall obligate the Grantee, or in the case of any transfer of such property, any transferee, for the period during which the real property or structure is used for a purpose for which of similar services or benefits. In all other cases, this assurance shall obligate the Grantee for the period during which the Federal financial assistance is extended to it by the Agency.

THIS ASSURANCE is given in consideration of and for the purpose of obtaining any and all Federal grants, loans, contracts, property, discounts or other Federal financial assistance extended after the date hereof to the Grantee by the Agency, including installment payments after such date on account of applications for Federal financial assistance which were approved before such date. The Grantee recognizes and agrees that such Federal financial assistance will be extended in reliance on the representations and agreements made in this assurance, and that the United States shall have the right to seek judicial enforcement of this assurance. This assurance is binding on the Grantee, its successors, transferees, and assignees, and the person or persons whose signatures appear below are authorized to sign this assurance on behalf of the Grantee.

GRANTEE:

BY (Signature):



TITLE:

Executive Director

DATE:

30 JUL. 1991

FEDASSUR

**DECLARACIÓN DE SEGURIDAD DE CUMPLIMIENTO  
CON LA AGENCIA PARA EL DESARROLLO INTERNACIONAL  
REGLAMENTACION BAJO EL TITULO VI DE LOS DERECHOS CIVILES  
ACTA DE 1964**

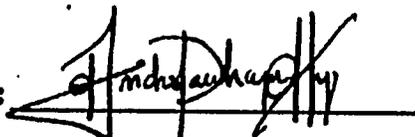
La Fundación Economía y Desarrollo, Inc. (llamada en lo adelante "Donatario") ACUERDA POR ESTE MEDIO QUE cumplirá con el Título VI de los Derechos Civiles, Acta de 1964 (P.L. 88-352), y con todos los requisitos impuestos de conformidad con las Regulaciones de la Agencia para el Desarrollo Internacional (22 CFR Part 209, 30 FR 317) publicada conforme a este título, a fin de que, de conformidad con el Título VI de esa Acta y Reglamento, ninguna persona en los Estados Unidos podrá, con base a raza, color, religión, sexo o nacionalidad, ser excluida de participar en, ser negada de los beneficios de, o de otra manera, sujeto a discriminación bajo programa o actividad por el cual el Donatario recibe asistencia financiera de la Agencia; y POR ESTE MEDIO DECLARA QUE inmediatamente tomará las medidas necesarias para ejecutar este Acuerdo.

Si algún inmueble o estructura es, por lo tanto, facilitado o mejorado a través de la asistencia financiera Federal extendida al Donatario por la Agencia, esta declaración obligará al Donatario, o en el caso de alguna transferencia de dicha propiedad, o transferencia a persona alguna, por el período durante el cual el inmueble o estructura es utilizada con un propósito mediante el cual se extiende la asistencia financiera Federal, o por otro propósito que envuelve la disposición de servicios similares o beneficios. Si alguna propiedad personal es así asignada, esta declaración comprometerá al Donatario por el período durante el cual la retiene como propietario o como poseedor de la propiedad. En todos los demás casos, esta declaración comprometerá al Donatario por el período durante el cual la asistencia financiera Federal es extendida por la Agencia.

ESTA DECLARACIÓN ES dada en consideración y con el propósito de obtener cualquiera y todas las donaciones Federales, préstamos, contratos, propiedad, descuentos o cualquier asistencia Federal extendida después de la fecha dada aquí al Donatario por la Agencia, incluyendo los pagos a plazos después de dicha fecha a cuenta de solicitudes para asistencia financiera Federal que fueron aprobadas antes de dicha fecha. El Donatario reconoce y acuerda que tal asistencia financiera Federal será extendida en consideración con las representaciones y acuerdos hechos en esta Declaración, y que los Estados Unidos tendrá el derecho de procurar el cumplimiento de esta Declaración. Esta Declaración obliga al Donatario, a sus sucesores, cesionarios y apoderados, y a la persona o personas cuyas firmas aparecen más abajo autorizadas a firmar esta declaración de parte del Donatario.

DONATARIO:

POR (Firma):



TITULO:

Executive Director

FECHA:

30 JUL. 1991

**SCHEDULE**

**PROGRAMA**

**A. PURPOSE OF GRANT**

The purpose of this grant is to encourage informed debates on economic issues in public fora and the press by: (1) supporting TV and radio programs, books, newspaper articles, and seminars and conferences dealing with economic education of the public; (2) promoting the adoption of economic policies that support economic development through private sector led expansion.

**A. PROPOSITO DE LA DONACION**

El propósito de esta donación es incentivar el debate bien informado de temas económicos en foros públicos y en la prensa: (1) apoyando programas semanales de televisión y radio, libros, artículos en la prensa, y seminarios y conferencias que se relacionen con la educación económica del público; (2) promoviendo la adopción de políticas económicas que apoyen el desarrollo económico a través de una expansión liderada por el sector privado.

**B. PERIOD OF GRANT**

The effective date of this grant is July 30, 1991. The Project Activity Completion Date (PACD), or expiration date of this grant, is July 30, 1993.

**VIGENCIA DE LA DONACION**

La fecha de efectividad de esta donación es el 30 de julio de 1991. La Fecha Término para Completar el Proyecto (FTCP), o fecha de expiración de esta donación es el 30 de julio de 1993.

**C. AMOUNT OF GRANT AND PAYMENT**

1. A.I.D. hereby obligates the amount of Three Hundred Thousand United States Dollars (U.S.300,000) for purposes of this grant.

2. Payment shall be made to the Grantee in accordance with procedures set forth in the Optional Standard Provision of this Grant entitled "Payment Cost Reimbursement," see Attachment 3.

**C. MONTO DE LA DONACION Y PAGO**

1. La A.I.D. por este medio obliga la suma de Trescientos Mil Dólares Estadounidenses (U.S.\$300,000) para los propósitos de esta donación.

2. El pago se efectuará al Donatario de conformidad con los procedimientos establecidos en la Disposición Standard Opcional de esta Donación titulada "Reembolso de Gastos", véase Anexo 3.

3. Adjustments among line items up to fifteen percent (15%) (except for salaries) can be made by mutual agreement between A.I.D. and the Foundation without formal agreement. Any adjustment among line items which exceed fifteen percent (15%) must be approved in advance by A.I.D.

D. REPORTING AND EVALUATION

At quarterly intervals after signature of the grant, or at more frequent intervals if requested by A.I.D., the Grantee will submit reports summarizing program activities, progress toward the grant purpose and objectives, problems encountered, steps toward their solution, and plans for the next quarter.

Progress of the program supported by this grant shall be the subject of evaluations which will be carried out cooperatively between A.I.D. and the Grantee. The first evaluation will be conducted within the first twelve (12) months of the project. A final evaluation will take place upon project completion in July 1993.

3. Se pueden realizar ajustes dentro de cada uno de los renglones presupuestarios (excepto el de salarios) hasta un 15 por ciento (15%) por mutuo acuerdo entre la A.I.D. y la Fundación, sin un acuerdo formal. Cualquier ajuste dentro de cada renglón que exceda el quince por ciento (15%) deberá ser aprobado previamente por la A.I.D.

D. REPORTE Y EVALUACION

A intervalos trimestrales luego de la firma de la donación, o a intervalos más frecuentes si la A.I.D. lo requiere, el Donatario someterá reportes resumiendo las actividades del programa, el progreso logrado en cumplimiento del propósito y objetivos de la donación, así como los problemas encontrados, pasos a seguir para su solución, y planes para el siguiente trimestre.

El progreso del programa financiado por esta donación estará sujeto a evaluaciones a realizarse en cooperación entre la A.I.D. y el Donatario. La primera evaluación será efectuada dentro de los primeros doce (12) meses del proyecto. Se efectuará una evaluación en julio de 1993 al concluir el proyecto.

PROGRAM DESCRIPTION

1. Background

The Fundación Economía y Desarrollo (FED) has requested a grant to partially finance its ongoing economic education activities as well as to permit the development of more original and varied material for existing programs, finance adding a daily chart on interest rates and exchange rates to its successful newspaper program, allow development and implementation of a new radio program, facilitate expansion of its existing publishing program to include educational materials additional to current book publishing activities, increase the number and variety of conferences and seminars sponsored by the FED, and allow for a modest budget for new program development and special projects.

The FED began its activities in October, 1987, and within a short period of time has become one of the better known, credible, and respected non-profit organizations in the field of economic analysis and research in the Dominican Republic.

DESCRIPCION DEL PROGRAMA

1. Antecedentes

La Fundación Economía y Desarrollo (FED) ha solicitado una donación para financiar parcialmente sus actuales actividades de educación económica, así como para permitir la elaboración de más material original y variado para los programas existentes, financiar la adición de una gráfica diaria de tasas de interés y de cambio a su exitoso programa en la prensa, permitir el desarrollo e implementación de un nuevo programa de radio, facilitar la expansión de su actual programa de publicaciones de modo que incluya materiales educativos adicionales a la actual publicación de libros, aumentar el número y variedad de conferencias y seminarios patrocinados por la FED, y permitir un modesto presupuesto para desarrollar nuevos programas y proyectos especiales.

La FED inició sus actividades en octubre de 1987, y en un corto período de tiempo se ha convertido en una de las organizaciones sin fines de lucro más conocida, creíble, y respetada en el campo de análisis e investigación económica en la República Dominicana.

The FED's activities are overseen by a Board of Directors consisting of concerned businessmen, newspaper editors and economists. Daily operations are directed by the Executive Director, Dr. Andrés Dauhajre, hijo.

The FED responds to an existing need in the Dominican Republic for greater consciousness and diffusion of the basic principles of economics, as well as an elevation of the standard of economic discussion at the national level. A primary objective is the fostering of the principles, mechanisms, and advantages of an economy based on competitive markets and enterprises as well as facilitative government economic policies which support a strategy of economic development.

To meet this objective, the FED carries out various activities, including a weekly publication, "Sábado Económico," and the daily television program, "Mercado y Libertad" which is aired early in the morning, at noon and in the evening on Teleantillas and TV-13, focusing on the problems of the Dominican economy and detailing the advantages of economic policies based on competitive markets and private enterprise. A synopsis of this commentary is published Monday through Friday in

Las actividades de la FED son supervisadas por una Junta de Directores compuesta por empresarios interesados, editores de prensa y economistas. Sus operaciones diarias son dirigidas por su Director Ejecutivo, Dr. Andrés Dauhajre, hijo.

La FED responde a una necesidad existente en la República Dominicana de más conciencia y difusión de los principios básicos de la economía, así como de una elevación de los estándares del debate económico a nivel nacional. Un objetivo fundamental es fomentar los principios, mecanismos, y ventajas de una economía basada en mercados y empresas competitivos, así como las políticas económicas gubernamentales que faciliten y apoyen una estrategia de desarrollo económico.

Para lograr este objetivo, la FED realiza varias actividades, que incluyen una publicación semanal, "Sábado Económico", y el programa televisivo diario "Mercado y libertad" que sale al aire temprano en la mañana, al medio día y en la noche a través de Teleantillas y TV-13, enfocando los problemas de la economía dominicana y detallando las ventajas de las políticas económicas basadas en mercados competitivos y en la empresa privada. Una sinopsis de este comentario se publica de lunes a viernes en

Ultima Hora, an afternoon newspaper. The FED also carries out "Triálogo," one of the more commented and debated TV panel programs in the Dominican Republic, in which José Israel Cuello, a political analyst, Aníbal De Castro, the editor of Ultima Hora, and Andrés Dauhajre, hijo, the Executive Director of the FED discuss the more important economic and social issues of the week. "Triálogo" is broadcast on Saturdays on TV-13, on Sundays on Teleantillas and on Tuesdays on Channel 10.

The FED also maintains a daily column on the front page of the economic and business section of Listín Diario named "La Gráfica del Día." An economic chart is portrayed and accompanied by a short and simple explanation. The publication of this column began in January of 1989.

On Sundays, the FED produces a column in Listín Diario named "Economía para Todos." Through this column, the FED explains with simple words and examples economic concepts, terms and variables that are continuously used by economists, politicians and the media.

Ultima Hora, un periódico vespertino. La FED también realiza "Triálogo", uno de los programas de panel más comentados y debatidos en la República Dominicana, en el cual José Israel Cuello, un analista político, Aníbal De Castro, editor de Ultima Hora, y Andrés Dauhajre, hijo, Director Ejecutivo de la FED, discuten los temas económicos y sociales más importantes de la semana. "Triálogo", se transmite los sábados por TV-13, los domingos por Teleantillas y los martes a través del Canal 10.

La FED también mantiene una columna diaria en la primera página de la sección económica y de negocios del Listín Diario, titulada "La Gráfica del Día". Se presenta una gráfica económica acompañada por una corta y simple explicación. La publicación de esta columna comenzó en enero de 1989.

La FED produce los domingos una columna en el Listín Diario llamada "Economía para Todos". A través de esta columna, la FED explica con simples palabras y ejemplos los conceptos económicos, términos y variables que son utilizados continuamente por los economistas, políticos y medios informativos.

The FED also prepares two weekly columns in the newspaper El Siglo. One of the columns is written by Luis Pazos, a well known Mexican economist and the other is written by José Guerrero, an economist associated with the FED.

In addition to these regular activities, the FED organizes seminars and conferences which pursue the same objectives. In early 1988, for example, the FED and the American Chamber of Commerce of the Dominican Republic served as hosts to the Peruvian economist Hernando de Soto, author of the book El Sendero. A luncheon-conference for De Soto was held, and was attended by nearly 600 businessmen and government officials. A similar conference was organized for students, professors, newspaper reporters and businessmen at the Pontificia Universidad Católica Madre y Maestra. In June, 1987, the FED held a round table discussion regarding the implications of an agreement with the International Monetary Fund (IMF) in which many of the Dominican Republic's foremost economists took part.

La FED prepara también dos columnas semanales en el periódico El Siglo. Una de estas columnas es escrita por Luis Pazos, un reconocido economista mejicano, y la otra por José Guerrero, un economista asociado a la FED.

Además de estas actividades regulares, la FED organiza seminarios y conferencias que persiguen los mismos objetivos. A principio de 1988, por ejemplo, la FED y la Cámara Americana de Comercio de la República Dominicana sirvieron de anfitrión al economista peruano Hernando de Soto, autor del libro El Sendero. Se ofreció una conferencia-almuerzo en honor a De Soto, a la cual asistieron cerca de 600 empresarios y oficiales gubernamentales. Una conferencia similar fue organizada para estudiantes, profesores, reporteros de prensa y empresarios en la Pontificia Universidad Católica Madre y Maestra. En junio de 1987, la FED celebró una mesa redonda, cuya discusiones estuvieron relacionadas con las implicaciones de un acuerdo con el Fondo Monetario Internacional (FMI) y en la que participaron muchos de los más destacados economistas de la República Dominicana.

The FED has researched and published numerous studies related to the performance of the Dominican economy and its sectors. The first was an investigation requested by Acción Empresarial, The Impact of the Private Sector in the Dominican Economy. The study has been published in the form of a book. A second and revised edition of this study was recently published. Another study, The Dominican Tax System: A Proposal for Reform, was requested by the Consejo Nacional de Hombres de Empresas and the Asociación Nacional de Importadores. This study has also been published in the form of a book. The FED's tax reform proposal was recommended to the present administration for implementation by the Harberger mission that visited the Dominican Republic in early 1990. The FED also performed a research study, The Economic Impact of the Export Processing Free Zone in the Dominican Republic, under contract with the Stanford Research Institute (SRI) of Washington, D.C. This study was also published in book form.

La FED ha realizado investigaciones y publicado numerosos estudios relacionados con el funcionamiento de la economía dominicana y sus sectores. El primero fue una investigación a solicitud de Acción Empresarial, El Impacto del Sector Privado en la Economía Dominicana. Este estudio se publicó en forma de libro. Una segunda edición revisada del mismo ha sido publicada recientemente. Se publicó también otro estudio, a solicitud del Consejo Nacional de Hombres de Empresas y la Asociación Nacional de Importadores, El Sistema Tributario Dominicano: Propuesta de Reforma. La propuesta de reforma impositiva de la FED fue recomendada a la presente administración para su ejecución por la misión Harberger que visitó la República Dominicana a principios de 1990. La FED también realizó un estudio de investigación, El Impacto Económico de las Zonas Francas Industriales de Exportación en la República Dominicana, bajo contrato con el Standford Research Institute (SRI) de Washington, D.C. Este estudio también ha sido publicado en forma de libro.

2. Purpose of Grant

One of the principal goals of A.I.D. is strengthening democratic institutions as a means of underpinning broad-based, sustainable economic growth and development. A critical component of this initiative is to encourage informed debate on economic issues of public interest.

The purpose of the grant is to support FED's efforts to increase public awareness of basic economic principles, by allowing the FED to maintain past levels of effort in its economic education activities in the face of declining private sector donations resulting from the current recession; and to increase over-all activities by adding radio programs, also adding a daily section on interest rates and exchange rates to its newspaper program, and increasing the frequency and range of topics in its program of conferences and seminars.

3. Specific Objectives

The specific objectives of this grant are: a) promote the adoption of economic development through private sector and trade expansion and b) to promote the adoption of a stable economic environment.

2. Propósito de la Donación

Una de las principales metas de la A.I.D. es fortalecer las instituciones democráticas como medio de cimentar un crecimiento económico de amplia base y un desarrollo sostenido. Un componente crítico de esta iniciativa es fomentar debates informativos sobre temas económicos de interés público.

El propósito de la donación es apoyar los esfuerzos de la FED para aumentar el conocimiento del público sobre los principios económicos básicos, permitiendo a la FED mantener los niveles de esfuerzo pasados en sus actividades de educación económica frente a una disminución de las donaciones del sector privado como resultado de la actual recesión; y aumentar actividades globales, añadiendo programas de radio, una sección sobre tasas de interés y de cambio a su programa de prensa, y aumentando la frecuencia y extensión de los tópicos cubiertos en su programa de conferencias y seminarios.

3. Objetivos Específicos

Los objetivos específicos de esta donación son: a) promover la adopción de un desarrollo económico a través del sector privado y expansión comercial y b) promover la adopción de un ambiente económico estable.

#### 4. Implementation Plan

To achieve the objectives stated above, the Grantee shall carry out the following activities described below. The number of program activities to be carried out under this grant by media source and by year are provided in Table I.

Sábado Económico: is a weekly publication in the most widely read newspaper in the country, the Listín Diario. It is published in two forms, which alternate weekly: (1) a full page in the economic section of the newspaper, and (2) a four page supplement, both of which are presented in full color. It provides its readers with in-depth analyses of the problems facing the Dominican economy and suggests solutions to these problems, based on the mechanisms of competitive markets and private enterprise. The section also contains articles on economies which have been successful in adopting open-market strategy along with a balanced budget policy. The publication of "Sábado Económico" began in October 1987, and its editions amount to 185. The first 104 editions have been compiled in two books. A third book

#### 4. Plan de Ejecución

Para lograr los objetivos antes mencionados, el Donatario realizará las actividades que se detallan a continuación. El número de actividades programáticas que se realizarán bajo esta donación aparecen en el Cuadro I, clasificadas por categoría de medio de comunicación y por año.

Sábado Económico: es una publicación semanal que aparece en el periódico más leído del país, el Listín Diario. Se publica en dos formas alternadas semanalmente: (1) una página completa en la sección económica del periódico y (2) un suplemento de cuatro páginas, ambos a todo color. "Sábado Económico" suministra al lector análisis profundos de los problemas que enfrenta la economía dominicana y sugiere soluciones a los mismos, basándose en los mecanismos de los mercados competitivos y la empresa privada. La sección también contiene artículos sobre economías que han sido exitosas en la adopción de mercados abiertos y políticas de presupuestos balanceados. La publicación de "Sábado Económico" comenzó en octubre de 1987, y sus ediciones suman 185. Las primeras 104 ediciones han sido recopiladas en dos libros. Un tercer

compiling publications number 105 through 157 is still pending to be published. The Listín Diario has nearly four times the circulation of the second most widely read newspaper and is therefore the most costly. The FED has insisted, however, in maintaining "Sábado Económico" in this newspaper, despite offers from other journals, since they consider it the best means of reaching the public and thus fulfilling their purpose. Some articles are written by FED staff, and others are written by external collaborators to the FED. Most involve extensive research which is costly in terms of the time invested. A.I.D. funds will partially finance the cost of "Sábado Económico" as well as the fees paid to those who write the articles, and those who edit and supervise the publication.

Mercado y Libertad: is a daily commentary which is broadcast early in the morning and at noon (on Channel 2) and in the evening (on Channel 13). This program consists on a four minute commentary in which current economic issues are analyzed, placing particular emphasis on the advantages of the economic system the FED promotes. A synopsis of the commentary is published every day in the afternoon paper, Ultima Hora.

libro, que recopila las publicaciones 105 a 157, está aún pendiente de publicarse. El Listín Diario tiene cerca de cuatro veces más circulación que el segundo periódico con más leído y es por lo tanto el más costoso. La FED ha insistido, sin embargo, en mantener "Sábado Económico" en este periódico, a pesar otros ofrecimientos, ya que lo considera el mejor medio para llegar hasta el público y así lograr su propósito. Algunos artículos son escritos por el personal de la FED, y otros por colaboradores externos. La mayoría de estos artículos requieren de extensa investigación, que en términos de tiempo invertido resulta costosa. Los fondos de la A.I.D. financiarán parcialmente los costos de publicación de "Sábado Económico" así como los honorarios pagados a los que escriben los artículos y a los que editan y supervisan su publicación.

Mercado y Libertad: es un comentario diario transmitido temprano en la mañana y al mediodía (por el Canal 2) y en la noche (por el Canal 13). Este programa consiste en cuatro minutos de comentarios en los que se analizan temas económicos de actualidad, poniendo particular énfasis en las ventajas del sistema económico que la FED promueve. Una sinopsis de este comentario se publica diariamente en el vespertino Ultima Hora.

14

"Mercado y Libertad" has become one of the most important editorial pieces in the Dominican Republic. Much evidence exists of the influence that the FED has had on the government's economic policy, through "Mercado y Libertad." A.I.D. funds will partially finance the cost of its production, broadcasting and publication.

"Mercado y libertad" se ha convertido en una de las piezas editoriales más importantes en la República Dominicana. Existe mucha evidencia de la influencia que la FED ha tenido sobre las políticas económicas del gobierno, a través de "Mercado y Libertad". Los fondos de la A.I.D. financiarán parcialmente los costos de su producción, difusión y publicación.

Economía para Todos: is a short column published once a week in the Listin Diario. The writers purposely use the simplest language and examples to define basic economic concepts and principles. A.I.D. funds will help finance the cost of the publication as well as the fees of the team involved in its production.

Economía para Todos: es una columna corta que se publica una vez por semana en el Listin Diario. Los escritores utilizan a propósito el más simple lenguaje y ejemplos para definir conceptos y principios básicos de economía. Los fondos de la A.I.D. ayudarán a financiar el costo de publicación así como los honorarios del equipo involucrado en su producción.

El Siglo: The FED will continue the publication of a weekly column in the newspaper El Siglo. This column will be written by the Dominican economist José Guerrero. A.I.D. funds will partially finance the cost of this weekly column.

El Siglo: La FED continuará la publicación de una columna semanal en el periódico El Siglo. El autor de esta columna será el economista dominicano José Guerrero. Los fondos de la A.I.D. financiarán parcialmente el costo de esta columna semanal.

La Gráfica del Día: is a daily graph published in the front page of the economic section of the Listin Diario. Through the use of graphs, the FED explains the behavior of macro

La Gráfica del Día: es una gráfica publicada diariamente en la primera página de la sección económica del Listin Diario. A través del uso de gráficas, la FED explica el comportamiento de las variables macro y

and microeconomic variables and contributes to its objective of reorienting and educating the public regarding the nation's economic problems. It stresses the role that state interventionist policies have played in their development. A.I.D. funds will help finance the cost of publication as well as the fees of the team involved in its production.

**Interest and Exchange Rates:**

is a new column to be published by the FED. It will monitor the daily change of interest rates, exchange rates and the rate of inflation. Interest rates will be calculated using a weighted average of the actual rates exhibited by a sample of 5 banks. A.I.D. funds will partially finance its production and publication costs.

**Triálogo:** is a weekly television program, in which Anibal de Castro (a newspaper editor), José Israel Cuello (a political analyst) and Andrés Dauhajre, hijo, analyze Dominican current events from the economic, political and social perspective. Solutions to Dominican problems are presented, in line with the libertarian view of an ideal society. A.I.D. funds will partially finance the production and publication costs of this program.

microeconómicas y contribuye a su objetivo de reorientar y educar al público en relación con los problemas económicos de la nación. Enfatiza el rol que las políticas intervencionistas del Estado han jugado en el desarrollo de los mismos. Los fondos de la A.I.D. ayudarán a financiar el costo de publicación así como los honorarios del equipo involucrado en su producción.

**Tasas de Interés y de Cambio:**

es una nueva columna que publicará la FED. Vigilará el cambio diario de las tasas de interés, de cambio y de inflación. Las tasas de interés se calcularán utilizando el promedio ponderado de una muestra de cinco bancos. Los fondos de la A.I.D. financiarán parcialmente sus costos de producción y publicación.

**Triálogo:** es un programa televisivo semanal, en el cual Anibal de Castro (editor de un diario), José Israel Cuello (analista político) y Andrés Dauhajre, hijo, analizan los eventos de actualidad del país desde una perspectiva económica, política y social. Se presentan soluciones a problemas dominicanos, de acuerdo a la perspectiva libertaria de una sociedad ideal. Los fondos de la A.I.D. financiarán parcialmente sus costos de producción y publicación.

**Triálogo y Usted:** is a daily radio program to be broadcast through a well known radio station. This program, which will have a one hour duration, will be conducted by the same members of the TV program "Triálogo." One fourth of the program will be dedicated to commentary and the rest of the program will be spent answering questions from the public. These questions will be live, by telephone. The FED is convinced that this program will have far reaching effects, due to the fact that it will be of a less formal nature that "Triálogo" and that there will be direct contact with its listeners. A.I.D. funds will partially finance the production and broadcasting costs of this new program.

**Triálogo y Usted:** es un programa de radio diario que se transmitirá a través de una bien conocida estación de radio. Este programa, que tendrá una hora de duración, será producido por los miembros del programa de televisión "Triálogo". Ellos dedicarán un cuarto del programa a comentarios y el resto del mismo a contestar preguntas del público. Estas preguntas se harán en vivo, por teléfono. La FED está convencida de que este programa tendrá resultados de gran alcance, debido a que será de una naturaleza menos formal que "Triálogo" y que los productores tendrán contacto directo con sus oyentes. Los fondos de la A.I.D. financiarán parcialmente los costos de producción y difusión de este nuevo programa.

**Books and Educational materials:** the FED is interested in publishing all their work in book form, like they have done with "Sábado Económico" and "Mercado y Libertad." These publications will include "Economía para Todos," "La Gráfica del Día," the second and third volumes of "Mercado y Libertad" and "Sábado Económico," respectively. A.I.D. funds will partially finance the production and publication costs of these educational materials.

**Libros y Material de Educación:** la FED está interesada en la publicación de todos sus trabajos en forma de libros, como lo ha hecho ya con "Sábado Económico" y "Mercado y Libertad". Estas publicaciones incluirán "Economía para Todos", "La Gráfica del Día", y el segundo y tercer volumen de "Mercado y Libertad" y "Sábado Económico", respectivamente. Los fondos de la A.I.D. financiarán parcialmente los costos de producción y publicación de este material educativo.

**Conferences and Seminars:**

the FED has programmed a series of seminars and conferences to be held in the next two years. They intend to invite Margaret Thatcher, ex-Prime Minister of Britain, to speak on her experience with British privatization efforts. They are also planning to organize a seminar to be held in late 1992, entitled "500 Years of Interventionism and Statism in Latin America." The lecturers to be invited include the renowned Peruvian novelist and politician Mario Vargas Llosa, the successful Peruvian economist Hernando de Soto, and the Mexican writer Octavio Paz, the 1990 Nobel Prize winner. The program will be financed through the selling of tickets, private donations and with A.I.D. funds under this grant.

**Special Projects:** the FED has planned several special projects to be implemented in the next two years. One of the most important will be the elaboration of several documentaries on the economic success of countries which have implemented the economic policies which the FED promotes. Filming the documentaries will involve short visits to the countries in question. Their production will be partially financed with A.I.D. funds.

**Conferencias y Seminarios:**

La FED ha programado una serie de seminarios y conferencias que se realizarán durante los próximos dos años. Es su intención invitar a Margaret Thatcher, ex Primera Ministro de Gran Bretaña, a que disertar sobre su experiencia con los esfuerzos de la privatización británica. También tienen planificado organizar un seminario, a efectuarse a final de 1992, titulado "500 años de Intervencionismo y Estatismo en América Latina". Entre los catedráticos que se invitarán, se encuentran el reconocido novelista y político peruano Mario Vargas Llosa, el exitoso economista peruano Hernando De Soto, y el escritor mejicano Octavio Paz, ganador del Premio Nobel de 1990. El programa será financiado a través de la venta de entradas pagadas, de donaciones privadas y con fondos de la A.I.D. bajo esta donación.

**Proyectos Especiales:**

La FED ha planificado varios proyectos especiales a ejecutarse durante los próximos dos años. Uno de los más importantes será la elaboración de varios documentales sobre el éxito económico logrado por países que han implementado las políticas económicas que promueve la FED. La filmación de los documentales significará la realización de visitas cortas a los países en cuestión. Su producción será parcialmente financiada con fondos de la A.I.D.

8

4. Special Provisions

A.I.D. financing will be made available only on the basis of cost reimbursement in Dominican pesos. Disbursements will be made monthly upon presentation of previously paid invoices for the cost of professional honorariums of contracted speakers and writers, international travel, program production costs such as the fees of cameramen, the purchase of space in newspapers and air time on television and radio, the cost of publishing books and educational materials, equipment and other costs associated with the FED's programs, subject to A.I.D. acceptance for payment.

Invoices denominated in U.S. dollars or any currency other than Dominican pesos will be re-imbursed only in pesos at the exchange rate in effect in the A.I.D. Controllers Office on the date of the invoice. A.I.D. will not intervene in customs clearances or any other purpose related to the importation of any commodity financed under this grant.

The FED shall supply to USAID in Santo Domingo a detailed budget of projected

4. Disposiciones Especiales

El financiamiento de la A.I.D. estará disponible solamente en base al reembolso de los costos en pesos dominicanos. Los reembolsos se harán mensualmente a presentación de facturas previamente pagadas para cubrir los costos de honorarios profesionales de los oradores y los escritores contratados, viajes internacionales, costos de producción de los programas incluyendo los honorarios pagados a los camarógrafos, la compra de espacio en los periódicos y tiempo en el aire en la televisión y la radio, el costo de la publicación de libros y materiales educativos, equipo y otros costos asociados con los programas de la FED, todo ello sujeto a la aceptación de su pago por la A.I.D.

Las facturas denominadas en dólares estadounidenses o cualquier otra moneda que no sea el peso dominicano se reembolsará solamente en pesos a la tasa de cambio vigente en la oficina de Contraloría de la A.I.D. a la fecha de la factura. La A.I.D. no intervendrá en declaraciones de aduanas o cualquier otro propósito relacionado con la importación de cualquier bien financiado bajo esta donación.

La FED presentará a la A.I.D. en Santo Domingo un presupuesto detallado de los costos proyectados,

costs, specified by program area and general purpose no later than 30 days from the effective date of this grant. This financing plan will conform to the requirements of the A.I.D. Controllers Office to permit tracking of program financing categories and disbursements.

especificados por área de programa y propósito general, a más tardar 30 días a partir de la fecha de efectividad de esta donación. Este plan de financiamiento será de conformidad con los requerimientos de la Oficina de Contraloría de la A.I.D. a fin de permitir el rastreo de las categorías de financiamiento del programa y los desembolsos.

5. Title to Property

Title to property will be vested with the Grantee.

5. Titulo de Propiedad

El titulo de propiedad será conferido al Donatario.

6. Authorized Geographic Code

The Authorized Geographic Code for the procurement of goods and services under this Grant is 000 (U.S.) and the Dominican Republic.

6. Código Geográfico Autorizado

El Código Geográfico Autorizado para la compra de bienes y servicios bajo esta Donación es 000 (EE.UU.) y la República Dominicana.

7. Financial Plan

Table II provides the budget for this grant, including A.I.D., private donations, FED income and in-kind funding. Revisions to this plan shall be made in accordance with the Standard Provision of this grant entitled "Revision of Financial Plan."

7. Plan Financiero

El Cuadro II muestra el presupuesto para esta donación, incluyendo el financiamiento de la A.I.D., donaciones privadas, ingresos de la Fundación y financiamiento en especie. Las revisiones a este plan se harán de conformidad con la Disposición Estandar de esta donación titulada "Revisión del Plan Financiero".

TABLE I  
PROGRAM OF ACTIVITIES  
FUNDACION ECONOMIA Y DESARROLLO, INC.

	Publications and/or Emissions	
	Year 1	Year 2
<b>Newspaper Programs</b>		
Sabado Economico	52	52
Mercado y Libertad	260	260
Economia para Todos	52	52
El Siglo	52	52
La Grafica del Dia	260	260
Interest & Exchange Rates (new)	260	260
<b>TV Programs</b>		
Mercado y Libertad	780	780
Triologo	156	156
<b>Radio Programs (new)</b>		
Triologo y Usted	87	260
Others*	---	---
<b>Publishing</b>		
Books and Educational Materials**	5	5
<b>Conferences and Seminars</b>		
	3	3
<b>New Program Development</b>		
Special Projects*		

\*Under discussion.

\*\*One publication of Mercado y Libertad, Grafica del Dia and Economia para todos and two publications of Sabado Economico.  
It has been estimated 1000 issues for each publication.

TABLE II  
Financial Plan\*  
1991-1993  
U.S. Dollars  
Projected Program Costs

PROGRAM DESCRIPTION	Year 1 1991/1992			Year 2 1992/1993			LOP Financing 1991/1993		
	A.I.D.	FED and Donations	Subtotal	A.I.D.	FED and Donations	Subtotal	A.I.D.	FED and Donations	Total
1. Newspaper Programs Sabado Economico Mercado y Libertad Economia para Todos El Siglo La Grafica del Dia Interest & Exchange Rates (new)	60,000	105,000	165,000	60,000	110,000	170,000	120,000	215,000	335,000
2. TV Programs Mercado y Libertad Trialogo	45,000	159,000	204,000	45,000	165,000	210,000	90,000	324,000	414,000
3. Radio Programs (new) Trialogo y Usted Other	12,000	16,000	28,000	15,000	20,000	35,000	27,000	36,000	63,000
4. Publishing Books and Educational Materials	10,000	10,000	20,000	12,000	12,000	24,000	22,000	22,000	44,000
5. Conferences and Seminars	6,000	7,000	13,000	8,000	10,000	18,000	14,000	17,000	31,000
6. New Program Development Special Projects	2,000	3,000	5,000	5,000	7,000	12,000	7,000	10,000	17,000
7. Unassigned Cost Rent, equipment, supplies	—	21,000	21,000	—	27,000	27,000	—	48,000	48,000
8. Other and Contingencies	—	10,000	10,000	—	11,000	11,000	—	21,000	21,000
9. Evaluation	10,000	—	10,000	10,000	—	10,000	20,000	—	20,000
Total Cost	145,000	331,000	476,000	155,000	362,000	517,000	300,000	693,000	993,000

\*The FED will provide a detailed program budget denominated in pesos for a period of two years ending July, 1993, as a condition precedent to a first disbursement.

AID HANDBOOK 13, App 4D	Trans. Memo. No. 13:58	Effective Date Mar. 30, 1989	Page No. 4D-1
-------------------------	---------------------------	---------------------------------	------------------

OMB Control No. 0412-0510  
Expiration Date: 12/31/89

**APPENDIX 4D  
MANDATORY STANDARD PROVISIONS FOR  
NON-U.S., NONGOVERNMENTAL GRANTEE<sup>2</sup>**

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

**1. ALLOWABLE COSTS (MAY 1986)**

(a) The grantee shall be reimbursed for costs incurred in carrying out the purposes of this grant which are determined by the grant officer to be reasonable, allocable, and allowable in accordance with the terms of this grant and the applicable\* cost principles in effect on the date of this grant, which are attached.

(1) Reasonable. Shall mean those costs that do not exceed those which would be incurred by an ordinarily prudent person in the conduct of normal business.

(2) Allocable Costs. Shall mean those costs which must be necessary to the grant.

(3) Allowable Costs. Shall mean those costs which must conform to any limitations set forth in this grant.

\*NOTE: For educational institutions use OMB Circular A-21; for all other non-profit organizations use OMB Circular A-122; and for profit making firms use Federal Acquisition Regulation 31.2 and AID Acquisition Regulation 731.2.

---

<sup>2</sup>When these Standard Provisions are used for cooperative agreements, the following terms apply: "Grantee" means "Recipient" "Grant" means "Cooperative Agreement," and "AID Grant Officer" means "AID Agreement Officer."

23'

Page No. 4D-2	Effective Date June 15, 1987	Trans. Memo. No. 13:58	AID HANDBOOK 13, App 4D
------------------	---------------------------------	---------------------------	-------------------------

(4) Unallowable costs, direct or indirect, include but are not limited to the following examples: Advertising, bad debts, contingencies, entertainment, fines and penalties, interest, fund raising, investment management costs, losses on other awards, taxes, first class air fare unless specifically approved. Additionally, public information service costs are unallowable as indirect costs.

(b) Prior to incurring a questionable or unique cost, the grantee should obtain the grant officer's written determination as to whether the cost will be allowable.

\* 2. ACCOUNTING, AUDIT, AND RECORDS (MAY 1991)

(a) The grantee shall maintain books, records, documents, and other evidence relating to the AID-sponsored project or program in accordance with generally accepted accounting principles formally prescribed by the U.S., the cooperating country, or the International Accounting Standards Committee (an affiliate of the International Federation of Accountants) to sufficiently substantiate charges to this grant. Accounting records that are supported by documentation will as a minimum be adequate to show all costs incurred under the grant, receipt and use of goods and services acquired under the grant, the costs of the program supplied from other sources, and the overall progress of the program. The grantee records and subgrantee records which pertain to this grant shall be retained for a period of three years from the date of expiration of this grants and may be audited by AID and/or its representatives. The grantee shall insert this paragraph (a) in all subgrants valued in excess of \$10,000.

(b) If the grantee receives \$25,000 per year or more under this grant, the grantee agrees that it shall have an audit made of the funds provided under this grant and of the financial statements of the organization as a whole. The grantee shall select an independent auditor in accordance with the "Guidelines for Financial Audits Contracted by Foreign Recipients" issued by the AID Inspector General. The audit shall be a financial audit performed in accordance with such guidelines and in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. Audits shall be performed annually.

(c) The audit report shall be submitted to AID within 30 days after completion of the audit, but the audit shall be completed and the report submitted not later than 13 months after the close of the grantee's fiscal year. The AID Inspector General will review this report to determine whether it complies with the audit requirements of this grant. No audit costs may be charged to this grant if audits have not been made in accordance with the terms of this provision. In cases of continued inability or unwillingness to have an audit performed in accordance with the terms of this provision, AID will consider appropriate sanctions which may include suspension of all or a percentage of disbursements until the audit is satisfactorily completed.

- (d) The grantee shall require subgrantees that receive \$25,000 or more per year under this grant to have audits performed in accordance with the requirements of this provision. The subgrantee's audit report shall be submitted to the grantee within 30 days after completion of the audit, but the audit shall be completed and the report submitted not later than 13 months after the close of the subgrantee's fiscal year. The grantee shall ensure that appropriate corrective actions are taken on the recommendations contained in subgrantees' audit reports; consider whether subgrantees' audits necessitate adjustment of its own records; and require each subgrantee to permit independent auditors to have access to records and financial statements as necessary. \*

3. REFUNDS (SEPTEMBER 1990)

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

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

(c) AID reserves the right to require refund by the grantee of any amount which AID determines to have been expended for purposes not in accordance with the terms and conditions of this grant, including but not limited to costs which are not allowable in accordance with the applicable Federal cost principles or other terms and conditions of this grant. In the event that a final audit has not been performed prior to the closeout of this grant, AID retains the refund right until all claims which may result from the final audit have been resolved between AID and the grantee.

4. REVISION OF GRANT BUDGET (MAY 1986)

(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 any of the following reasons:

(1) To change the scope or the objectives of the project and/or revise the funding allocated among project objectives.

(2) Additional funding is needed.

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

Page No. AD-4	Effective Date Mar. 30, 1989	Trans. Memo. No. 13:58	AID HANDBOOK 13, App 4D
------------------	---------------------------------	---------------------------	-------------------------

(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 work under this grant, and such contracts or subgrants were not included in the approved grant budget.

(c) 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 action 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 the new 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 reimbursements 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 1985)

(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.

Page No. 4D-6	Effective Date Mar. 30, 1989	Trans. Memo. No. 13:58	AID HANDBOOK 13, App 4D
------------------	---------------------------------	---------------------------	-------------------------

8. DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS (MARCH 1989)

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

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

(b) Have not within a three-year period preceding this proposal been convicted of or had a civil judgment 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;

(c) 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 (1)(b) of this certification; and

(d) 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.

(2) The grantee agrees that, unless 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.

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

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

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

10. NONLIABILITY (NOVEMBER 1985)

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

11. AMENDMENT (NOVEMBER 1985)

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

12. NOTICES (NOVEMBER 1985)

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

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

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

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

(END OF MANDATORY STANDARD PROVISIONS)



AID HANDBOOK 13 , App 4D	Trans. Memo. No. 13:42	Effective Date Jan. 1, 1987	Page No. 4D-9
--------------------------	---------------------------	--------------------------------	------------------

**PAYMENT - PERIODIC ADVANCE (NOVEMBER 1985**

(This provision is applicable when (1) the grantee has an acceptable accounting system (2) the grantee has the ability to maintain procedures that will minimize the time elapsing between the transfer of funds and the disbursement thereof, and (3) the grantee's financial management system meets the standards for fund control and accountability required under the standard provision of this agreement entitled "Accounting, Audit, and Records".)

- (a) AID funds shall not be commingled with other grantee owned or controlled funds. The grantee shall deposit all AID cash advances in a separate bank account and shall make all disbursements for goods and services from this account.
- (b) Each quarter, after the initial cash advance, the grantee shall submit to the AID Controller, identified in the schedule, voucher SF 1034 (original) and SF 1034-A (three copies), entitled "Public Voucher for Purchases and Services Other Than Personal", copies of which are attached.
- (c) Each voucher shall be identified by the appropriate grant number and shall be accompanied by an original and three copies of a report in the following format:

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

**A. Period covered by this report:**

FROM (Month, day, year) \_\_\_\_\_  
TO (Month, day, year) \_\_\_\_\_

**Period covered by the next report:**

FROM (Month, day, year) \_\_\_\_\_  
TO (Month, day, year) \_\_\_\_\_

**B. Cash Advance Use and Needs:**

- 1. Cash advance on hand at the beginning of this reporting period ..... \$ \_\_\_\_\_
- 2. U.S. Treasury check advance(s) received during this reporting period..... \$ \_\_\_\_\_
- 3. Interest earned on cash advance during this reporting period..... \$ \_\_\_\_\_

Page No. 4D-10	Effective Date Jan. 1, 1987	Trans. Memo. No. 13:42	AID HANDBOOK 13, App 4D
-------------------	--------------------------------	---------------------------	-------------------------

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

**FOOTNOTES:**

1. The grantee shall submit a cumulative detailed report of disbursements by BUDGET line item quarterly.
2. The grantee shall attach a Summary, by BUDGET line item, of its projected disbursements for the next reporting period.

**C. Certification:**

The undersigned hereby certifies: (1) that the amount in paragraph B.9 above represents the best estimate of funds needed for the disbursements to be incurred over the period described, (2) that appropriate refund or credit to the grant will be made in the event of disallowance in accordance with the terms of the grant, (3) that appropriate refund or

AID HANDBOOK 13, App 4D	Trans. Memo. No. 13:42	Effective Date Jan. 1, 1987	Page No. 4D-11
-------------------------	---------------------------	--------------------------------	-------------------

credit to the grant will be made in the event funds are not expended and (4) that any interest accrued on the funds made available herein will be refunded to AID.

DATE \_\_\_\_\_

BY \_\_\_\_\_  
TITLE \_\_\_\_\_

(END OF STANDARD PROVISION)

(NEXT PAGE 4D-13)

AID HANDBOOK 13 , App 4D	Trans. Memo. No. 13:42	Effective Date Jan. 1, 1987	Page No. 4D-13
--------------------------	---------------------------	--------------------------------	-------------------

**PAYMENT - COST REIMBURSEMENT (MAY 1986)**

(This provision is applicable to grants for construction or to grants where the grantee does not meet the conditions for periodic advance payment.)

- (a) The grantee shall submit to the AID Controller an original and 3 copies of SF 1034, "Public Voucher for Purchases and Services Other Than Personal" and SF 1034A, Continuation of SF 1034, on a monthly basis and in no event no later than on a quarterly basis. Each voucher shall be identified by the grant number and shall state the total costs for which reimbursement is being requested.
- (b) Copies of SF 1034 and 1034A are attach

**(END OF STANDARD PROVISION)**

**(NEXT PAGE 4D-15)**

AID HANDBOOK 13, App 4D	Trans. Memo. No. 13:42	Effective Date Jan. 1, 1987	Page No. 4D-15
-------------------------	---------------------------	--------------------------------	-------------------

**AIR TRAVEL AND TRANSPORTATION (MAY 1986)**

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

- (a) The grantee is required to present to the project officer for written approval an itinerary for each planned international trip financed by this grant, which shows the name of the traveler, purpose of the trip, origin/destination (and intervening stops), and dates of travel, as far in advance of the proposed travel as possible, but in no event less than three weeks before travel is planned to commence. At least one week prior to commencement of approved international travel, the grantee shall notify the cognizant mission, with a copy to the project officer, of planned travel, identifying the travelers and the dates and times of arrival.
- (b) Travel to certain countries shall, at AID's option, be funded from U.S.-owned local currency. When AID intends to exercise this option, AID will, after receipt of advice of intent to travel required above, either issue a SF 1169, Government Transportation Request (GTR), which the grantee may exchange for tickets, or AID will issue the tickets directly. Use of such U.S.-owned currencies will constitute a dollar charge to this grant.
- (c) All air travel and shipments under this grant are required to be made on 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 U.S. and/or its territories and one or more foreign countries.
- (d) Use of foreign air carrier service may be deemed necessary if a U.S. flag air carrier cannot provide the foreign air transportation needed, or if use of such service will not accomplish the agency's mission. Travel and transportation on non-free world air carriers are not reimbursable under this grant.
- (e) U.S. flag air carrier service is considered available even though:
  - (1) Comparable or a different kind of service can be provided at less cost by a foreign air carrier;
  - (2) Foreign air carrier service is preferred by or is more convenient for the agency or traveler; or

Page No. 4D-16	Effective Date Jan. 1, 1987	Trans. Memo. No. 13:42	AID HANDBOOK 13, App 4D
-------------------	--------------------------------	---------------------------	-------------------------

(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 U.S. being performed by a foreign air carrier:

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

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

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

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

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

(2) Where the gateway airport abroad is an interchange point, and the use of U.S. flag air carrier service would require the traveler to wait six hours or more to make connections at that point, or delayed

AID HANDBOOK 13, App 4D	Trans. Memo. No. 13:42	Effective Date Jan. 1, 1987	Page No. 4D-17
-------------------------	---------------------------	--------------------------------	-------------------

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 U.S., 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 U.S.; 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. air flag carriers for international transportation, the grantee will include a certification on vouchers involving such transportation which is essentially as follows:

Page No. 4D-18	Effective Date Jan. 1, 1987	Trans. Memo. No. 13:42	AID HANDBOOK 13, App 4D
-------------------	--------------------------------	---------------------------	-------------------------

**"CERTIFICATION OF UNAVAILABILITY OF U.S. FLAG AIR CARRIERS**

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

(1) International Travel

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

(2) The grantee will be reimbursed for travel and the reasonable cost of subsistence, post differentials and other allowances paid to employees in an international travel status in accordance with the grantee's established policies and practices which are uniformly applied to federally financed and other activities of the grantee. The standard for determining the reasonableness of reimbursement for overseas allowance is the Standardized 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 subagreements and contracts which require air travel and transportation under this grant.

(END OF STANDARD PROVISION)

AID HANDBOOK 13, App 4D	Trans. Memo. No. 13:42	Effective Date Jan. 1, 1987	Page No. 4D-19
-------------------------	---------------------------	--------------------------------	-------------------

OCEAN SHIPMENT OF GOODS (MAY 1967)

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

- (a) At least 50% of the gross tonnage of all goods purchased under this grant and transported to the cooperating countries shall be made on privately owned U.S. flag commercial ocean vessels, to the extent such vessels are available at fair and reasonable rates for such vessels.
- (b) At least 50% of the gross freight revenue generated by shipments of goods purchased under this grant and transported to the cooperating countries on dry cargo liners shall be paid to or for the benefit of privately owned U.S. flag commercial ocean vessels to the extent such vessels are available at fair and reasonable rates for such vessels.
- (c) When U.S. flag vessels are not available, or their use would result in a significant delay, the grantee may request a determination of non-availability from the AID Transportation Support Division, Office of Procurement, Washington, D.C. 20523, giving the basis for the request which will relieve the grantee of the requirement to use U.S. flag vessels for the amount of tonnage included in the determination. Shipments made on non-free world ocean vessels are not reimbursable under this grant.
- (d) Vouchers submitted for reimbursement which include ocean shipment costs shall contain a certification essentially as follows:

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

(END OF STANDARD PROVISION)

(NEXT PAGE 4D-21)

AID HANDBOOK 13, App 4D	Trans. Memo. No. 13:42	Effective Date Jan. 1, 1987	Page No. 4D-21
-------------------------	---------------------------	--------------------------------	-------------------

**PROCUREMENT OF GOODS AND SERVICES (MAY 1986)**

(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. Conflict of interest situations involving employees, officers or agents or their immediate families shall be avoided. 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, or requests for proposals should be excluded from competing for such procurements. Awards shall be made to the offeror whose 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 offeror must fulfill in order to be evaluated by the recipient. Any and all 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 items.

Page No. 4D-22	Effective Date Jan. 1, 1987	Trans. Memo. No. 13:42	AID HANDBOOK 13, App 4D
-------------------	--------------------------------	---------------------------	-------------------------

(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.

(iii) Positive efforts shall be made by the recipients to utilize U.S. 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. 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 or proposals; and
- (C) Address where solicitations and 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. In those instances where a cost type contract authorizes a fee, a fixed amount will be used in lieu of a percentage of cost.

(v) Contracts shall be made only to responsible contractors who possess the potential ability to perform successfully under the terms and conditions of a proposed contract. Consideration shall be given to such matters as integrity, record of past performance, financial and technical resources or accessibility to other necessary resources. Contracts shall not be made to firms or individuals whose name appears on the AID Consolidated List of Debarred, Suspended, and Ineligible Awardees. AID will provide the grantee with a copy of this list upon request.

(vi) All proposed sole source contracts or where only one proposal is received in which the aggregate expenditure is expected to exceed \$10,000 shall be subject to prior approval by an appropriate official within the grantee's organization.

40

AID HANDBOOK 13, App 4D	Trans. Memo. No. 13:42	Effective Date Jan. 1, 1987	Page No. 4D-23
-------------------------	---------------------------	--------------------------------	-------------------

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

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

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

Page No. 4D-24	Effective Date Jan. 1, 1987	Trans. Memo. No. 13:42	AID HANDBOOK 13, App 4D
-------------------	--------------------------------	---------------------------	-------------------------

(3) All negotiated contracts over \$10,000 awarded by recipients shall include a provision to the effect that the recipient, AID or 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.

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

(5) 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.

(END OF STANDARD PROVISION

AID HANDBOOK 13 , App 4D	Trans. Memo. No. 13:42	Effective Date Jan. 1, 1987	Page No. 4D-25
--------------------------	---------------------------	--------------------------------	-------------------

### AID ELIGIBILITY RULES FOR GOODS AND SERVICES (MAY 1986)

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

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

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

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

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

(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

Page No. 4D-26	Effective Date Jan. 1, 1987	Trans. Memo. No. 13:42	AID HANDBOOK 13, App 4D
-------------------	--------------------------------	---------------------------	-------------------------

- (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 the 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 on source, origin, and nationality are contained in Chapters 4 and 5 of AID Handbook 1, Supplement B, (Procurement Policies).

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

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

45

AID HANDBOOK 13, App 4D	Trans. Memo. No. 13:42	Effective Date Jan. 1, 1987	Page No. 4D-27
-------------------------	---------------------------	--------------------------------	-------------------

(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

Page No. 4D-28	Effective Date Jan. 1, 1987	Trans. Memo. No. 13:42	AID HANDBOOK 13, App 4D
-------------------	--------------------------------	---------------------------	-------------------------

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),
- (4) Free World countries (AID Geographic Code 899).

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

(END OF STANDARD PROVISION)

AID HANDBOOK 13, App 4D	Trans. Memo. No. 13:42	Effective Date Jan. 1, 1987	Page No. 4D-29
-------------------------	---------------------------	--------------------------------	-------------------

**SUBAGREEMENTS (MAY 1986)**

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

- (a) Awards shall be made only with responsible recipients who possess the potential ability to perform successfully under the terms and conditions of a proposed agreement. Consideration shall be given to such matters as integrity, record of past performance, financial and technical resources or accessibility to other necessary resources. Awards shall not be made to firms or individuals whose name appears on the AID Consolidated List of Debarred, Suspended, and Ineligible Awardees. 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 AID 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) All subagreements over \$10,000 issued by recipients shall include a provision to the effect that the recipient, AID, or 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.
- (4) Subagreements, the principal purpose of which is to create, develop or improve products, processes or methods; or for exploration into

Page No. 4D-30	Effective Date Jan. 1, 1987	Trans. Memo. No. 13:42	AID HANDBOOK 13, App 4D
-------------------	--------------------------------	---------------------------	-------------------------

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.

(END OF STANDARD PROVISION)

AID HANDBOOK 13	Trans. Memo. No. 13:50	Effective Date Nov. 30, 1988	Page No. 4D-31
-----------------	---------------------------	---------------------------------	-------------------

LOCAL COST FINANCING (NOVEMBER 1988)

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

(a) Costs qualifying as local costs are eligible for financing under the grant in accordance with the terms of this standard provision. Local costs are defined as (1) indigenous goods, (2) imported shelf items, and (3) services provided by suppliers meeting the requirements contained in subparagraph (b). Indigenous goods are those that have been mined, grown or produced in the cooperating country through manufacture, processing or assembly. In the case of produced goods containing imported components, to qualify as indigenous a commercially recognized new commodity must result that is substantially different in basic characteristics or in purpose or utility from its components. Imported items are eligible for financing under the following situations: (1) Imported items available in the cooperating country which otherwise meet the source/origin requirements of the grant may be financed in unlimited quantities, regardless of dollar value, up to the total amount available for local procurement under the terms of the grant agreement. (2) Imported items from Geographic Code 941 countries which are available in the cooperating country can be funded in unlimited quantities, regardless of dollar value, up to the total amount available for local procurement under the terms of the grant. (3) Imported items from any Free World country which are available locally, or imported specifically for the grant, may be financed if the cost of the transaction, excluding the cost of the transportation, does not exceed the local currency equivalent of \$5,000. \*

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

(1) They must be paid for in local currency.

(2) The supplier must be located in the cooperating country and must be of cooperating country nationality as defined in AID Handbook 1B, Chapter 5.

(3) Any component from a country not included in AID geographic code 935 renders a commodity ineligible for financing.

Page No. 4D-32	Effective Date Jan. 1, 1987	Trans. Memo. No. 13:49	AID HANDBOOK 13
-------------------	--------------------------------	---------------------------	-----------------

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

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

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

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

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

AID HANDBOOK 13, App 4D	Trans. Memo. No. 13:42	Effective Date Jan. 1, 1987	Page No. 4D-33
-------------------------	---------------------------	--------------------------------	-------------------

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

(END OF STANDARD PROVISION)

(NEXT PAGE 4D-35)

AID HANDBOOK 13 , App 4D	Trans. Memo. No. 13:42	Effective Date Jan. 1, 1987	Page No. 4D-35
--------------------------	---------------------------	--------------------------------	-------------------

**PATENT RIGHTS (MAY 1986)**

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

(a) **Definitions:**

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

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

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

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

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

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

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

Page No. 4D-36	Effective Date Jan. 1, 1987	Trans. Memo. No. 13:42	AID HANDBOOK 13, App 4D
-------------------	--------------------------------	---------------------------	-------------------------

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

(1) The recipient shall disclose each subject invention to AID within two months after the inventor discloses it in writing to recipient personnel responsible for patent matters. The disclosure to AID shall be in the form of a written report and shall identify the agreement under which the invention was made and the inventor(s). It shall be sufficiently complete in technical detail to convey a clear understanding, to the extent known at the time of the disclosure, of the nature, purpose, operation, and the physical, chemical, biological or electrical characteristics of the invention. The disclosure shall also identify any publication, on sale or public use of the invention and whether a manuscript describing the invention has been submitted for publication and, if so, whether it has been accepted for publication at the time of disclosure. In addition, after disclosure to AID the recipient shall promptly notify AID of the acceptance of any manuscript describing the invention for publication or of any on sale or public use planned by the recipient.

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

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

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

(d) Conditions When the Government May Obtain Title: The recipient shall convey to AID upon written request, title to any subject invention:

54

AID HANDBOOK 13 , App 4D	Trans. Memo. No. 13:42	Effective Date Jan. 1, 1987	Page No. 4D-37
--------------------------	---------------------------	--------------------------------	-------------------

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

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

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

(e) Minimum Rights to Recipient:

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

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

55

Page No. 4D-38	Effective Date Jan. 1, 1987	Trans. Memo. No. 13:42	AID HANDBOOK 13, App 4D
-------------------	--------------------------------	---------------------------	-------------------------

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

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

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

(2) The recipient agrees to require, by written agreement, its employees, other than clerical and nontechnical employees, to disclose promptly in writing to personnel identified as responsible for the administration of patent matters and in a format suggested by the recipient each subject invention made under agreement in order that the recipient can comply with the disclosure provisions of paragraph (c) above, and to execute all papers necessary to file patent applications on subject inventions and to establish the Government's rights in the subject inventions. This disclosure format should require, as a minimum, the information required by (c)(1) above. The recipient shall instruct such employees through employee agreements or other suitable educational programs on the importance of reporting inventions in sufficient time to permit the filing of patent applications prior to U.S. or foreign statutory bars.

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

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

36

AID HANDBOOK 13 , App 4D	Trans. Memo. No. 13:42	Effective Date Jan. 1, 1987	Page No. 4D-39
--------------------------	---------------------------	--------------------------------	-------------------

- (g) Subagreements and Contracts: The recipient shall include this standard provision suitably modified to identify the parties, in all subagreements and contracts, regardless of tier, for experimental, developmental, or research work to be performed by a small business firm or nonprofit organization. The subrecipient or contractor shall retain all rights provided for the recipient in this standard provision, and the recipient shall not, as part of the consideration for awarding the contract or subagreement, obtain rights in the contractor's or subrecipient's subject inventions.
- (h) Reporting Utilization of Subject Inventions: The recipient agrees to submit on request periodic reports no more frequently than annually on the utilization of a subject invention or on efforts at obtaining such utilization that are being made by the recipient or its licensees or assignees. Such reports shall include information regarding the status of development, date of first commercial sale or use, gross royalties received by the recipient, and such other data and information as AID may reasonably specify. The recipient also agrees to provide additional reports as may be requested by AID in connection with any march-in proceedings undertaken by AID in accordance with paragraph (j) of this provision. To the extent data or information supplied under this section is considered by the recipient, its licensee or assignee to be privileged and confidential and is so marked, AID agrees that, to the extent permitted by law, it shall not disclose such information to persons outside the Government.
- (i) Preference for United States Industry: Notwithstanding any other provision of this clause, the recipient agrees that neither it nor any assignee will grant to any person the exclusive right to use or sell any subject invention in the United States unless such person agrees that any products embodying the subject invention shall be manufactured substantially in the United States. However, in individual cases, the requirement for such an agreement may be waived by AID upon a showing by the recipient or its assignee that reasonable but unsuccessful efforts have been made to grant licenses on similar terms to potential licensees that would be likely to manufacture substantially in the United States or that under the circumstances manufacture in the United States is not commercially feasible.
- (j) March-in Rights: The recipient agrees that with respect to any subject invention in which it has acquired title, AID has the right to require the recipient, an assignee or exclusive licensee of a subject invention to grant a non-exclusive, partially exclusive, or exclusive license in any field of use to a responsible applicant or applicants, upon terms that are reasonable under the circumstances, and if the recipient, assignee, or exclusive licensee refuses such a request, AID has the right to grant such a license itself if AID determines that:

51

Page No. 4D-40	Effective Date Jan. 1, 1987	Trans. Memo. No. 13:42	AID HANDBOOK 13, App 4D
-------------------	--------------------------------	---------------------------	-------------------------

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

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

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

(4) Such action is necessary because the agreement required by paragraph (1) of this clause has not been obtained or waived or because a license of the exclusive right to use or sell any subject invention in the United States is in breach of such agreement.

(k) Special Provisions for Agreements with Nonprofit Organizations: If the recipient is a nonprofit organization, it agrees that:

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

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

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

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

AID HANDBOOK 13 , App 4D	Trans. Memo. No. 13:42	Effective Date Jan. 1, 1987	Page No. 4D-41
--------------------------	---------------------------	--------------------------------	-------------------

- (3) The recipient shall share royalties collected on a subject invention with the inventor; and
- (4) The balance of any royalties or income earned by the recipient with respect to subject inventions, after payment of expenses (including payments to inventors) incidental to the administration of subject inventions, shall be utilized for the support of scientific research or education.
- (1) Communications: Communications concerning this provision shall be addressed to the grant officer at the address shown in this agreement.

(END OF STANDARD PROVISION)

(NEXT PAGE 4D-43)

AID HANDBOOK 13 , App 4D	Trans. Memo. No. 13:42	Effective Date Jan. 1, 1987	Page No. 4D-43
--------------------------	---------------------------	--------------------------------	-------------------

PUBLICATIONS (MAY 1986)

(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 irrevocable right to reproduce, publish, or otherwise use, and to authorize others to use the work for Government purposes.

(END OF STANDARD PROVISION)

(NEXT PAGE 4D-45)

AID HANDBOOK 13, App 4D	Trans. Memo. No. 13:42	Effective Date Jan. 1, 1987	Page No. 4D-45
-------------------------	---------------------------	--------------------------------	-------------------

NONDISCRIMINATION IN FEDERALLY ASSISTED PROGRAMS (MAY 1986)

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

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

(END OF STANDARD PROVISION)

(NEXT PAGE 4D-47)

AID HANDBOOK 13, App 4D	Trans. Memo. No. 13:42	Effective Date Jan. 1, 1987	Page No. 4D-47
-------------------------	---------------------------	--------------------------------	-------------------

**REGULATIONS GOVERNING EMPLOYEES (MAY 1986)**

(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)

(NEXT PAGE 4D-49)

60

AID HANDBOOK 13, App 4D	Trans. Memo. No. 13:42	Effective Date Jan. 1, 1987	Page No. 4D-49
-------------------------	---------------------------	--------------------------------	-------------------

**PARTICIPANT TRAINING (MAY 1986)**

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

- (a) Definitions: 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 grant officer.) 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 grant officer. 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 grant officer a blue copy of the form when subsequent changes in the participant's training program are made and at termination of the 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) 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.

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

Page No. 4D-50	Effective Date Jan. 1, 1987	Trans. Memo. No. 13:42	AID HANDBOOK 13, App 4D
-------------------	--------------------------------	---------------------------	-------------------------

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

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

(f) Health and Accident Coverage (HAC) Program For Training Within The United States: The grantee shall enroll all participants training in the U.S. in AID's HAC Program. HAC Program coverage for an enrolled participant begins at the moment of departure from the host country to the U.S. until the moment of return to the host country providing, however, that there is not substantial unapproved delay between completion of training under this grant and their return, and that there is no layover at any point to or from the U.S. except the minimal amount necessary for plane connections.

(1) The HAC Program enables the participant, or the provider of medical services, to submit bills for medical costs resulting from illness and accident to the HAC Claims Office which pays all reasonable and necessary medical charges for covered services not otherwise covered by other insurance programs (see paragraph 6 below), in accordance with the standard coverage established by AID under the HAC Program.

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

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

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

AID HANDBOOK 13, App 4D	Trans. Memo. No. 13:42	Effective Date Jan. 1, 1987	Page No. 4D-51
-------------------------	---------------------------	--------------------------------	-------------------

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

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

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

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

(6) If the grantee has a mandatory, nonwaivable health and accident insurance program for participants, the costs of such insurance will be allowable under this grant. Any claims eligible under such insurance will not be payable under AID's HAC plan or under this grant. However, even though the participant is covered by the grantee's mandatory, nonwaivable health and accident insurance program, the participant must be enrolled in AID's HAC Program. In addition, a copy of the mandatory insurance policy must be forwarded to the grant officer, who will forward it to the HAC Claims Office.

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

(g) Participant Counseling For Training Within The U.S.: 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.

651

Page No. 4D-52	Effective Date Jan. 1, 1987	Trans. Memo. No. 13:42	AID HANDBOOK 13, App 4D
-------------------	--------------------------------	---------------------------	-------------------------

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 U.S. 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)

W6

AID HANDBOOK 13, App 4D	Trans. Memo. No. 13:42	Effective Date Jan. 1, 1987	Page No. 4D-53
-------------------------	---------------------------	--------------------------------	-------------------

### VOLUNTARY POPULATION PLANNING (AUGUST 1986)

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

#### (a) Voluntary Participation:

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

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

#### (b) Voluntary Participation Requirements For Sterilization Programs:

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

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

Page No. 4D-54	Effective Date Jan. 1, 1987	Trans. Memo. No. 13:42	AID HANDBOOK 13, App 4D
-------------------	--------------------------------	---------------------------	-------------------------

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

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

(c) Prohibition on Abortion-Related Activities:

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

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

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

(1) The recipient certifies that it does not now and will not during the term of this grant perform or actively promote abortion as a method of family planning in AID-recipient countries or provide financial support to any other foreign nongovernmental organization that conducts such activities. For purposes of this paragraph (d), a foreign nongovernmental organization is a nongovernmental organization which is not organized under the laws of any State of the United States, the District of Columbia or the Commonwealth of Puerto Rico.

AID HANDBOOK 13, App 4D	Trans. Memo. No. 13:42	Effective Date Jan. 1, 1987	Page No. 4D-55
-------------------------	---------------------------	--------------------------------	-------------------

- (2) The recipient agrees that the authorized representatives of AID may, at any reasonable time, (i) inspect the documents and materials maintained or prepared by the recipient in the usual course of its operations that describe the family planning activities of the recipient, including reports, brochures and service statistics; (ii) observe the family planning activity conducted by the recipient; (iii) consult with family planning personnel of the recipient; and (iv) obtain a copy of the audited financial statement or report of the recipient, if there is one.
- (3) In the event AID has reasonable cause to believe that the recipient may have violated its undertaking not to perform or actively promote abortion as a method of family planning, the recipient shall make available to AID such books and records and other information as AID may reasonably request in order to determine whether a violation of the undertaking has occurred.
- (4) The recipient shall refund to AID the entire amount of assistance for family planning furnished under this grant in the event it is determined that the certification provided by the recipient under subparagraph (1), above, is false.
- (5) Assistance for family planning to the recipient under this grant shall be terminated if the recipient violates any undertaking required by this paragraph (d), and the recipient shall refund to AID the value of any assistance furnished under this grant that is used to perform or actively promote abortion as a method of family planning.
- (6) The recipient may not furnish assistance for family planning under this grant to a foreign nongovernmental organization (the subrecipient) unless (i) the subrecipient certifies in writing that it does not perform or actively promote abortion as a method of family planning in AID-recipient countries and does not provide financial support to any other foreign nongovernmental organization that conducts such activities and (ii) the recipient obtains the written agreement of the subrecipient containing the undertakings described in subparagraph (7), below.
- (7) Prior to furnishing assistance for family planning under this grant to a subrecipient, the subrecipient must agree in writing that:
- (i) The subrecipient will not, while receiving assistance under this grant, perform or actively promote abortion as a method of family planning in AID-recipient countries or provide financial support to other foreign nongovernmental organizations that conduct such activities.

Page No. 4D-56	Effective Date Jan. 1, 1987	Trans. Memo. No. 13:42	AID HANDBOOK 13 , App 4D
-------------------	--------------------------------	---------------------------	--------------------------

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

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

(iv) The subrecipient shall refund to the recipient the entire amount of assistance for family planning furnished to the subrecipient under this grant in the event it is determined that the certification provided by the subrecipient under subparagraph (6), above, is false.

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

(vi) The subrecipient may furnish assistance for family planning under this grant to another foreign nongovernmental organization (the sub-subrecipient) only if (A) the sub-subrecipient certifies in writing that it does not perform or actively promote abortion as a method of family planning in AID-recipient countries and does not provide financial support to any other foreign nongovernmental organization that conducts such activities and (B) the subrecipient obtains the written agreement of the sub-subrecipient that contains the same undertakings and obligations to the subrecipient as those provided by the subrecipient to the recipient as described in subparagraphs (7)(i)-(v), above.

(8) Agreements with subrecipients and sub-subrecipients required under subparagraphs (6) and (7) shall contain the definitions set forth in subparagraph (13) of this paragraph (d).

AID HANDBOOK 13, App 4D	Trans. Memo. No. 13:42	Effective Date Jan. 1, 1987	Page No. 4D-57
-------------------------	---------------------------	--------------------------------	-------------------

(9) The recipient shall be liable to AID for a refund for a violation by a subrecipient relating to its certification required under subparagraph (6) or by a subrecipient or sub-subrecipient relating to its undertakings in the agreement required under subparagraphs (6) and (7) only if (i) the recipient knowingly furnishes assistance for family planning to a subrecipient which performs or actively promotes abortion as a method of family planning, or (ii) the certification provided by a subrecipient is false and the recipient failed to make reasonable efforts to verify the validity of the certification prior to furnishing assistance to the subrecipient, or (iii) the recipient knows or has reason to know, by virtue of the monitoring which the recipient is required to perform under the terms of this grant, that a subrecipient has violated any of the undertakings required under subparagraph (7) and the recipient fails to terminate assistance for family planning to the subrecipient, or fails to require the subrecipient to terminate assistance to a sub-subrecipient which violates any undertaking of the agreement required under subparagraph (7)(vi), above. If the recipient finds, in exercising its monitoring responsibility under this grant, that a subrecipient or sub-subrecipient receives frequent requests for the information described in subparagraph (13)(iii)(A)(II), below, the recipient shall verify that this information is being provided properly in accordance with subparagraph (13)(iii)(A)(II) and shall describe to AID the reasons for reaching its conclusion.

(10) In submitting a request to AID for approval of a recipient's decision to furnish assistance for family planning to a subrecipient, the recipient shall include a description of the efforts made by the recipient to verify the validity of the certification provided by the subrecipient. AID may request the recipient to make additional efforts to verify the validity of the certification. AID will inform the recipient in writing when AID is satisfied that reasonable efforts have been made. If AID concludes that these efforts are reasonable within the meaning of subparagraph (9) above, the recipient shall not be liable to AID for a refund in the event the subrecipient's certification is false unless the recipient knew the certification to be false or misrepresented to AID the efforts made by the recipient to verify the validity of the certification.

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

Page No. 4D-58	Effective Date Jan. 1, 1987	Trans. Memo. No. 13:42	AID HANDBOOK 13, App 4D
-------------------	--------------------------------	---------------------------	-------------------------

(12) A subrecipient must provide the certification required under subparagraph (6) and a sub-subrecipient must provide the certification required under subparagraph (7)(vi) each time a new agreement is executed with the subrecipient or sub-subrecipient furnishing assistance for family planning under this grant.

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

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

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

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

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

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

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

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

AID HANDBOOK 13, App 4D	Trans. Memo. No. 13:42	Effective Date Jan. 1, 1987	Page No. 4D-59
-------------------------	---------------------------	--------------------------------	-------------------

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

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

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

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

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

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

Page No. 4D-60	Effective Date Jan. 1, 1987	Trans. Memo. No. 13:42	AID HANDBOOK 13, App 4D
-------------------	--------------------------------	---------------------------	-------------------------

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

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

(END OF STANDARD PROVISION)

AID HANDBOOK 13, App 4D	Trans. Memo. No. 13:42	Effective Date Jan. 1, 1987	Page No. 4D-61
-------------------------	---------------------------	--------------------------------	-------------------

PROTECTION OF THE INDIVIDUAL AS A RESEARCH SUBJECT  
(NOVEMBER 1984)

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

- (a) Safeguarding the rights and welfare of human subjects involved in research supported by AID is the responsibility of the organization to which support is awarded. It is the policy of AID that no work shall be initiated under any grant for the support of research involving human subjects unless the research is given initial and continuing review and approval by an appropriate committee of the applicant organization. This review shall assure that (1) the rights and welfare of the individuals involved are adequately protected, (2) the methods used to obtain informed consent are adequate and appropriate, and (3) the risks and potential medical benefits of the investigation are assessed.
- (b) The organization must provide written assurance to AID that it will abide by this policy for all research involving human subjects supported by AID. This assurance shall consist of a written statement of compliance with the requirements regarding initial and continuing review of research involving human subjects and a description of the organization's review committee structure, its review procedures, and the facilities and personnel available to protect the health and safety of human subjects. In addition to providing the assurance, the organization must also certify to AID for each proposal involving human subjects that its committee has reviewed and approved the proposed research before any work may be initiated.
- (c) Since the welfare of the subject individual is a matter of concern to AID as well as to the organization; AID advisory groups, consultants, and staff may independently review all research involving human subjects, and prohibit research which presents unacceptable hazards. This provision, however, shall not derogate in any manner from the responsibility of the organization set forth herein.
- (d) All of the above provisions apply to any research involving human subjects conducted outside of the United States and, in addition, such overseas research will conform to legal and other requirements governing human research in the country where they are conducted.
- (e) In addition to the procedures set forth above, studies with unmarketed drugs will be carried out in accordance with provisions applicable in the country where the study is conducted.

Page No. 4D-62	Effective Date Jan. 1, 1987	Trans. Memo. No. 13:42	AID HANDBOOK 13, App 4D
-------------------	--------------------------------	---------------------------	-------------------------

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

(END OF STANDARD PROVISION)

AID HANDBOOK 13, App 4D	Trans. Memo. No. 13:42	Effective Date Jan. 1, 1987	Page No. 4D-63
-------------------------	---------------------------	--------------------------------	-------------------

**NEGOTIATED OVERHEAD RATES - PROVISIONAL (NOVEMBER 1984)**

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

- (a) An overhead rate shall be established for each of the grantee's accounting periods during the term of this grant. Pending establishment of a final rate, provisional overhead payments shall be at the rate(s), on the base(s), and for the period(s) shown in the Schedule of this grant.
- (b) The grantee, not later than 6 months after the close of each of its accounting periods during the term of this grant, shall submit to the grant officer a proposed final rate(s) for the period, together with supporting cost data. Negotiation of final overhead rate(s) by the grantee and the grant officer shall be undertaken as promptly as practicable after receipt of the grantee's proposal.
- (c) The results of each negotiation shall be set forth in an amendment to the grant and shall specify (1) the agreed upon final rate(s), (2) the base(s) to which the rate(s) apply, and (3) the period for which the rates apply. The overhead rate amendment shall not change any monetary ceiling, grant obligation, or specific cost allowance or disallowance provided for in this grant.
- (d) To prevent substantial over or under payment, the provisional or billing rates may, at the request of either party, be revised by mutual agreement, either retroactively or prospectively. Any such revision of negotiated provisional rates provided in this provision shall be set forth in an amendment to this grant.
- (e) Any failure by the parties to agree on any final rate(s) under this provision shall be considered a dispute within the meaning of the standard provision of the grant, entitled "Disputes".

(END OF STANDARD PROVISION)

(NEXT PAGE 4D-65)

Page No. 4D-64	Effective Date Jan. 1, 1987	Trans. Memo. No. 13:42	AID HANDBOOK 13, App 4D
-------------------	--------------------------------	---------------------------	-------------------------

AID HANDBOOK · 13, App 4D	Trans. Memo. No. 13:42	Effective Date Jan. 1, 1987	Page No. 4D-65
---------------------------	---------------------------	--------------------------------	-------------------

GOVERNMENT FURNISHED EXCESS PERSONAL PROPERTY (NOVEMBER 1984)

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

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

(END OF STANDARD PROVISION)

(NEXT PAGE 4D-67)

<b>Page No.</b> 4D-66	<b>Effective Date</b> Jan. 1, 1987	<b>Trans. Memo. No.</b> 13:42	<b>AID HANDBOOK 13 , App 4D</b>
--------------------------	---------------------------------------	----------------------------------	---------------------------------

AID HANDBOOK 13, App 4D	Trans. Memo. No. 13:42	Effective Date Jan. 1, 1987	Page No. 4D-67
-------------------------	---------------------------	--------------------------------	-------------------

**TITLE TO AND USE OF PROPERTY (GRANTEE TITLE) (MAY 1986)**

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

- (a) Title to all property financed under this grant shall vest in the grantee.
- (b) The grantee agrees to use and maintain the property for the purposes of the grant.
- (c) With respect to property having an acquired value of \$1,000 or more, the grantee agrees to report such items to the grant officer as they are acquired and to maintain a control system which will permit their ready identification and location.
- (d) Within thirty calendar days after the end of the grant, the grantee will provide a list to the grant officer of each item that has an appraised value of \$1,000 or more with a detailed proposal of what the grantee intends to do with that property. If the grant officer does not respond within 120 calendar days, the grantee may proceed with the disposition of the property. However, if the grantee uses the property for purposes other than those of the grant or sells or leases the property, AID shall be reimbursed for its share of the property unless the grant officer authorizes AID's share of the income from selling or leasing the property to be used as program income. This share is based upon the percentage of AID's contribution to the grantee's program. If AID paid 100% of the grantee's costs, then AID would receive 100% of the selling cost less a nominal selling fee of \$100.

(END OF STANDARD PROVISION)

(NEXT PAGE 4D-69)

<b>Page No.</b> 4D-68	<b>Effective Date</b> Jan. 1, 1987	<b>Trans. Memo. No.</b> 13:42	<b>AID HANDBOOK 13, App 4D</b>
--------------------------	---------------------------------------	----------------------------------	--------------------------------

AID HANDBOOK 13, App 4D	Trans. Memo. No. 13:42	Effective Date Jan. 1, 1987	Page No. 4D-69
-------------------------	---------------------------	--------------------------------	-------------------

**TITLE TO AND CARE OF PROPERTY (U.S. GOVERNMENT TITLE) (MAY 1986)**

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

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

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

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

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

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

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

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

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

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

Page No. 4D-70	Effective Date Jan. 1, 1987	Trans. Memo. No. 13:42	AID HANDBOOK 13 , App 4D
-------------------	--------------------------------	---------------------------	--------------------------

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

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

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

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

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

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

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

(iii) recording of work accomplished under the program.

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

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

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

(d) Risk of Loss:

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

AID HANDBOOK 13, App 4D	Trans. Memo. No. 1 :42	Effective Date Jan. 1, 1987	Page No. 4D-71
-------------------------	---------------------------	--------------------------------	-------------------

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

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

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

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

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

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

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

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

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

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

85

Page No. 4D-72	Effective Date Jan. 1, 1987	Trans. Memo. No. 13:42	AID HANDBOOK 13, App 4D
-------------------	--------------------------------	---------------------------	-------------------------

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

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

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

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

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

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

(END OF STANDARD PROVISION)

9/8

AID HANDBOOK 13, App 4D	Trans. Memo. No. 13:42	Effective Date Jan. 1, 1987	Page No. 4D-73
-------------------------	---------------------------	--------------------------------	-------------------

**TITLE TO AND CARE OF PROPERTY (COOPERATING COUNTRY TITLE)**  
(NOVEMBER 1984)

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

- (a) Except as modified by the Schedule of this grant, title to all equipment, materials and supplies, the cost of which is reimbursable to the grantee by AID or by the cooperating country, shall at all times be in the name of the cooperating country or such public or private agency as the cooperating Government may designate, unless title to specified types or classes of equipment is reserved to AID under provisions set forth in the Schedule of this grant; but all such property shall be under the custody and control of grantee until the owner of title directs otherwise or completion of work under this grant or its termination, at which time custody and control shall be turned over to the owner of title or disposed of in accordance with its instructions. All performance guarantees and warranties obtained from suppliers shall be taken in the name of the title owner.
- (b) The grantee shall prepare and establish a program, to be approved by the Mission, for the receipt, use, maintenance, protection, custody and care of equipment, materials and supplies for which it has custodial responsibility, including the establishment of reasonable controls to enforce such program. The grantee shall be guided by the requirements of paragraph 1T of Chapter 1, Handbook 13.
- (c) Within 90 days after completion of this grant, or at such other date as may be fixed by the grant officer, the grantee shall submit an inventory schedule covering all items of equipment, materials and supplies under the grantee's custody, title to which is in the cooperating country or public or private agency designated by the cooperating country, which have not been consumed in the performance of this grant. The grantee shall also indicate what disposition has been made of such property.

(END OF STANDARD PROVISION)

Page No. 4D-74	Effective Date Jan. 1, 1987	Trans. Memo. No. 13:42	AID HANDBOOK 13, App 4D
-------------------	--------------------------------	---------------------------	-------------------------

**COST SHARING (MATCHING) (MAY 1986)**

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

88

AID HANDBOOK 13, App 4D	Trans. Memo. No. 13:42	Effective Date Jan. 1, 1987	Page No. 4D-75
-------------------------	---------------------------	--------------------------------	-------------------

- (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 (matching) share 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:

Page No. 4D-76	Effective Date Jan. 1, 1987	Trans. Memo. No. 13:42	AID HANDBOOK 13, App 4D
-------------------	--------------------------------	---------------------------	-------------------------

(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.

AID HANDBOOK 13 , App 4D	Trans. Memo. No. 13:42	Effective Date Jan. 1, 1987	Page No. 4D-77
--------------------------	---------------------------	--------------------------------	-------------------

- (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 hereunder 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)