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UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

SEP 27 1984

Dr. Charles Helsley
University of Hawaii at Manoa
Hawaii Institute of Geophysics
2525 Correa Road
Honolulu, Hawaii 96822

Subject: Grant No. LAC-5724-G-SS-4086-00

Dear Dr. Helsley:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A.I.D." or "Grantor") hereby provides to Hawaii Institute of Geophysics (hereinafter referred to as "Grantee") the sum of Two Million Five Hundred Seventy Eight Thousand Dollars (\$2,578,000.00) in support of a Conventional Energy Technical Assistance as more fully described in Attachment 2, entitled "Program Description".

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 program objective through the estimated completion date of 31 December 1986. Funds disbursed by AID but uncommitted by the Grantee at the expiration of this period shall be refunded to A.I.D.

The total estimated amount of the program is \$2,578,000.00, of which \$590,400.00 is hereby obligated. AID shall not be liable for reimbursing the Grantee for any costs in excess of the obligated amount. However, subject to the availability of funds, and program priorities at the time, AID may provide additional funds during the Grant period up to a maximum of \$2,578,000.00. It is anticipated that the obligated amount will be sufficient through 7 November 1984.

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

2,578,000
590,400 FY84
1,987,600

Please acknowledge receipt and acceptance of this Grant by signing all copies of this Cover Letter, retain one set for your files, and return the remaining copies to this office, being sure to return all copies marked "Funds Available".

Sincerely yours,



Wesley L. Hawley
Grant Officer
Regional Operations Division-LAC
Office of Contract Management

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions

ACKNOWLEDGED:

University of Hawaii at Manoa

BY: _____

TYPED NAME: _____

TITLE: _____

FISCAL DATA

PIO/T No.: 3641347
Appropriation No.: 72-1141037
Budget Plan Code: DESA-84-13600-KG12
Allotment No.: 437-36-099-00-69-41
This Obligation: \$ 590,400
Total Estimated Cost: \$2,578,000
Technical Office: S&T/EY
Funding Source: AID/W
DUNS No.: 990911174
E.I. NO.: 99-6000354

SCHEDULE

A. Purpose of Grant:

The purpose of this Grant is to provide support for Conventional Energy Technical Assistance, as more specifically described in Attachment 2 to this Grant entitled "Program Description."

B. Period of Grant:

1. The effective date of this Grant is 25 September 1984 and the estimated expiration date is 31 December 1986.

2. Funds obligated hereunder are available for program expenditures for the estimated period 1 April 1984 to 7 November 1984 as shown in the Financial Plan below.

C. Amount of Grant and Payment:

1. The total estimated amount of this grant for the period shown in B.1. above is \$2,578,000.00.

2. AID hereby obligates the amount of \$590,400.00 for program expenditures during the period set forth in B.2. above and as shown in the Financial Plan below.

3. Payment shall be made to the Grantee in accordance with procedures set forth in Attachment 3 - Standard Provision No. 7A entitled "Payment - Federal Reserve Letter of Credit (FRLC)."

4. Additional funds up to the total amount of the Grant shown in C.1. above may be obligated by AID subject to the availability of funds, program priorities at the time, and requirements of the Standard Provisions of the Agreement, entitled "Revision of Financial Plans."

D. Financial Plan:

1. The following is the Financial Plan for this Grant, including local cost financing items, if authorized. Revisions to this Plan shall be made in accordance with the Standard Provision of this Grant, entitled "Revision of Financial Plans."

Financial Plan

I. Budget

II. Schedules in Support of Budget

- Schedule A - Operational Cost Projection for the period 1/1/84 - 12/31/84, R/V S.P. Lee
- Schedule B - Detailed 4-year Budget R/V Moana Wave
- Schedule C - Cumulative Summary Budget 12-month Budget
- Schedule D - HIG Data Acquisition and Archiving Group (DAAG) Proposed FY 86 Budget
- Schedule E - Sea Marc II Costs, Effective 1 September 1984
- Schedule F - University of Hawaii at Manoa memo to Distribution dated 1 February 1984 Subject: Cost of Expendable Equipment and Supplies and Stations

9/20/84

SECOND MARINE EXPLORATION
OF MINERAL AND HYDROCARBON POTENTIAL
IN THE SOUTH PACIFIC
BUDGET

<u>.0 ACTIVITY 4.1, Uncompleted Prior Work</u>	\$	<u>19,950</u>
1.1 Draftsmen/Student Help Salaries, including fringe benefits		5,000
1.2 Preparation of Camera-Ready Copy - 600 pages at \$15/page		9,000
1.3 Overhead on (1.1 + 1.2) at 42.5%		5,950
<u>2.0 ACTIVITY 4.2, Planning the Minerals Survey Voyage</u>	\$	<u>14,877</u>
2.1 Personnel 4 person months (by HIG)		
2.2 Airfare HNL/SUVA/HNL 4 at 800		3,200
HNL/Samoa/HNL 4 at 700		2,800
2.3 Per Diems University of Hawaii Rates 8 by 7 days at \$65/day		3,640
2.4 Local Travel, taxis and miscellaneous		500
2.5 Communications (postage, telephone, telex)		300
2.6 Overhead at 42.5%		4,437
<u>3.0 ACTIVITY 4.3, Support of Hydrocarbon Survey Voyage</u>	\$	<u>764,764</u>

Explanation: Based on (1) 77 days at \$9,932/day and (2) makeup of daily rate for RV SP Lee per Schedule A which is the daily use cost accounting procedure that conforms to the policy promulgated by the National Science Foundation and which is subject to audit by the Navy DCAA office in Honolulu.

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4.0 ACTIVITY 4.4, Support of Minerals Survey Voyage

\$ 520,521

Explanation: Based on (1) 93 days at \$5,597/day and (2) makeup of daily rate for RV Moana Wave as shown in Schedule B for CY 1985, which is the daily use cost accounting procedure that conforms to the policy promulgated by the National Science Foundation and which is subject to audit by the Navy DCAA office in Honolulu.

5.0 ACTIVITY 4.5, Personnel

\$ 639,741

5.1 Senior Professional Staff, 2.5 py @ \$41,500	103,750
5.2 Junior Scientists, 1.5 py @ \$37,000	55,500
5.3 Weighted Salary Burden 0.255 (5.1 + 5.2)	40,609
5.4 Graduate Students, 4 py @ \$18,700	74,800
5.5 Salary Burden, 0.06 (5.4)	4,488
5.6 Student Assistants, 2,000 hrs/leg at \$4/hr x 4 legs	32,000
5.7 Salary Burden 0.02 (5.6)	640
5.8 Technical Assistants, 2 py @ \$20,100	40,200
5.9 Salary Burden, 0.39 (5.8)	15,678
5.10 Overhead, 0.425 (sum 5.1 through 5.9)	156,258
5.11 Marine Technicians (number as required from pool) \$586 (av. per day) x 93 (See Schedule C)	54,498
5.12 Data Acquisition and Archiving (from pool) \$840 (av. per day) x 73 (See Schedule D)	61,320

6.0 ACTIVITY 4.6 Equipment and Use Charges (Minerals Survey Program)

\$ 392,827

6.1 Permanent Equipment (Subtotal)	\$ <u>185,490</u>
Free-fall Corers 12 @ \$2,570	30,840
Free-fall Grab Samplers 15 @ \$2,910	43,650
Free-fall Cameras 5 @ \$4,000	20,000
Box Corer 1 @ \$5,000	5,000
Stereo Camera System 1 @ \$30,000	30,000
Camera frame 1 @ \$5,000	5,000
Pinger 2 @ \$2,000	4,000
Radios for Above 30 @ \$1,000	30,000
Flashers for Above 17 @ \$1,000	17,000
6.2 Equipment Use Charges (Subtotal)	
(See Schedule E)	\$ <u>133,312</u>
SeaMarc II full use 20 days @ \$4,994	99,880
standby 24 days @ \$1,393	33,432
6.3 Operation, Supplies, and Maintenance for Shipboard scientific equipment 65 days @ \$565 (See Schedule F)	<u>36,725</u>

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6.4	Permanent Equipment Operation, Supplies, and Maintenance (Subtotal)	\$	<u>37,300</u>
	Free-fall Corers-35 deployments @ \$200		10,500
	Free-fall Grab Samplers, camera, and box corer-145 deployments @ \$100		14,500
	Rock dredge - 19 deployments @ \$200		3,800
	Piston corer - 10 deployments @ \$400		4,000
	Camera - 12 deployments @ \$375		4,500
7.0	<u>ACTIVITY 4.7, Counterparts and Training</u>	\$	<u>33,100</u>
7.1	8 CCOP/SOPAC Counterparts SOPAC/HNL/SOPAC 8 x 1,250		10,000
7.2	Per Diems 30 days x 8 x \$50		12,000
7.3	Computer Charges		2,200
7.4	Scientific Personnel (HIG) travel to workshop(s) HNL/SOPAC/HNL 4 x 1,250		5,000
7.5	Scientific Personnel Per Diems 4 x 15 x \$65		3,900
8.0	<u>ACTIVITY 4.8, Travel Expenses for Personnel in Line Item 5.0</u>	\$	<u>93,879</u>
8.1	Travel to Research Vessels in SOPAC 25 Round Trips x 1,200		30,000
8.2	Travel to 2 Post Cruise Meetings in SOPAC 4 x 2 x 1,250		10,000
8.3	Travel to Regional CCOP/SOPAC Mtg 4 x 1,500		6,000
8.4	Travel to present findings to U.S. Community 4 x 1,200		4,800
8.5	Per Diems <u>232</u> days x \$65		15,080
	(8.1) 4 x 25 = 100 days		
	(8.2) 7 x 4 x 2 = 56 days		
	(8.3) 14 x 4 = 56 days		
	(8.4) 5 x 4 = 20 days		
8.6	Overhead 42.5% on Items 9.1 through 9.5		27,999
9.0	<u>Preparation of Final Reports</u>		<u>28,500</u>
9.1	Salary (draftsman, student help includes fringe benefits)		8,000
9.2	Preparation of approximately 800 pages of camera ready copy @ \$15/page		12,000
9.3	Overhead (42.5%)		8,500
10.0	<u>Miscellaneous Costs</u>		<u>69,512</u>
10.1	Communications		2,000
10.2	Shipping of equipment to R/V Moana Wave and samples and data to HNL		20,000
10.3	Computer Usage, 200 hrs. @ \$59/hr		11,800
10.4	Laboratory Analysis Costs		16,000
10.5	Office Supplies		2,500
10.6	Overhead (42.5% of 10.1 + 10.2 + 10.4 +10.5)		17,212

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11.0 TOTAL ESTIMATED COSTS

\$2,577,671

(Say)

\$2,578,000

SCHEDULE A
 OPERATIONAL COST PROJECTION
 FOR THE PERIOD 1/1/84 - 12/31/84

R/V S: P. Lee

	<u>Total Costs</u>
I. SALARIES AND WAGES	
a. Ships Company	
1. Salaries	422,320
2. Overtime, Bonus	255,843
3. Fringe Benefits	69,550
Total	<u>747,813</u>
b. Marine Operations Staff	
1. Salaries	132,431
2. Overtime, Bonus	
3. Fringe Benefits	<u>25,964</u>
Total	<u>158,395</u>
II. REPAIR, MAINTENANCE & ALTERATIONS	
a. Normal Maint. & Repair	53,732
b. Major Overhaul	<u>295,000</u>
Subtotal	<u>348,732</u>
III. OTHER EXPENSES	
a. Fuel & Lube Oil	573,710
b. Food	79,196
c. Insurance (Vessel & Personnel)	22,209
d. Stores, Minor Equip- ment & Supplies	95,670
e. Travel	38,351
f. Shore Facilities Support (Including Utilities)	166,913
g. Miscellaneous (See Attached)	<u>108,121</u>
Total Other Expenses	<u><u>1,084,170</u></u>
TOTAL DIRECT COSTS	
IV. INDIRECT COSTS	<u>243,178</u>
V. TOTAL OPERATING COSTS	\$2,582,288
VI. MISCELLANEOUS DATA	
a. Days at Sea	260
b. Average Daily Cost Rate	\$9,932
c. Date of Last Major Overhaul	Sept. 84
d. Expected Date of Next Major Overhaul	Aug. 86

SCHEDULE B

DETAILED 4-YEAR BUDGET
R/V MOANA WAVE

	Actual Audited CY 1982	CY 1983 ^{1/}	Estimated CY 1984	Projected CY 1985
I. Salaries and Wages				
a. Ships Company				
1. Salaries	294,998		61,584	346,311
2. Overtime, Bonus	36,384		17,276	100,745
3. Fringe Benefits	46,007		7,920	48,484
Total	377,389		86,780	495,540
b. Marine Operations Staff				
1. Salaries	111,171		11,537	86,562
2. Overtime, Bonus				
3. Fringe Benefits	18,827		2,194	16,544
Total	129,998		13,731	103,106
II. REPAIR, MAINTENANCE & ALTERNATIONS				
a. Normal Maint. & Repair	62,100		8,800	52,800
b. Major Overhaul	67,759		8,000 ^{2/}	48,000 ^{2/}
Total	129,859		16,800	100,800
III. OTHER EXPENSES				
a. Fuel & Lube Oil	131,799		70,620	595,404
b. Food	39,615		13,859	75,203
c. Insurance (Vessel & Personnel)	16,571		3,532	21,200
d. Stores, Minor Equipment & Supplies	12,925		8,000	32,000
e. Travel	30,049		0	0
a. Domestic				0
b. Foreign				12,000
f. Shore Facilities Support (Including Utilities)	19,464		7,725	46,462
g. Miscellaneous (See attached)	87,021		9,000	82,000
Total	397,444		112,736	865,269
TOTAL DIRECT COSTS	1,034,690		230,047	1,563,715
IV. INDIRECT COSTS	121,535		27,119	160,085
V. TOTAL OPERATING COSTS	1,156,225		257,166	1,723,800
VI. MISCELLANEOUS DATA				
a. Days at Sea	365		58	308
b. Maintenance days				
1. Routine			180	
2. Voyage Repairs				
c. Average Daily Cost Rate	\$3168		\$4434	\$5597
d. Date of Last Major Overhaul	May 81		Aug 84	Aug 84
e. Expected Date of Next Major Overhaul	Aug 84		Jan 86	Jan 86

^{1/} Operated on fixed price basis in 1983
^{2/} Overhaul Reserve

Produced by the Office of the Inspector General

**CUMULATIVE SUMMARY BUDGET
12-MONTH BUDGET**

Shipboard Technician Support Costs

Estimated costs for the period
1 January 1985 to 31 December 1985

Salaries and Wages	\$145,080
Overtime (Sea Pay)	21,650
Fringe Benefits	33,368
Other Direct Costs	<u>11,757</u>
.. Total Direct Costs	\$211,855
Indirect Costs	<u>50,019</u>
Total Costs	\$261,874

1) Of Estimated total cost approximately
17% to be allocated to other cost
center activities

44,518

2) Estimated cost allocable to 308
1985 ship days =

\$217,355

$$\frac{\$217,355}{308} = \$705/\text{day}$$

3) Normal tech. manning compliment average.
3 mandays per day dependent on type
cruise, transits, discipline, etc.
Therefore \$705 + 3 M.D. = \$235 per tech.

4) SOPAC program requirement estimated at
2.5 mandays or 2.5 x \$235 or approximately
\$587/day

Items Included Under Miscellaneous Cost Category in Schedules A and B

R/V LEE and R/V MOANA WAVE

1. Transportation
2. Expendable office supplies
3. Freight
4. Medical costs
5. Fumigation
6. Guard services
7. Water
8. Surveyor's fees
9. Customs officials overtime
10. Stevedoring
11. Port and canal fees
12. Agency fees
13. Consultants
14. Publications

SCHEDULE D |

HIG DATA ACQUISITION AND ARCHIVING GROUP (DAAG)

PROPOSED FY 86 BUDGET

SALARIES AND WAGES (-01/01/85 x 105%)	
63.5 Person Months	120,902
Sea Pay (2 x 250 x \$30/day)	15,000
FRINGE BENEFITS (23% x 120,902 + 9% x 15,000)	29,157
INDIRECT COSTS (30% X 120,902)	36,271
ARCHIVE EXPENSES (Computer, Supplies, Microfilming, Maintenance)	22,000
TOTAL YEARLY COSTS	<u>223,330</u>
ESTIMATED INCOME (data retrieval and plotter services)	13,330
ESTIMATED NET YEARLY COSTS	<u>210,000</u>

Estimated DAAG ship days (at sea + port days): 250
 Day rate to cover operating expenses: \$840

The day rate does NOT cover travel expenses for DAAG personnel. Airfare and per diem for two DAAG personnel to and from the ship should be included in the travel section of each P.I.'s proposal.

The services covered by this budget include:

1. Maintenance and upgrading of ships computers and real time navigation system; both hardware and software.
2. A computer operator and lab officer at sea.
3. Digital recording, correction, and storage of underway navigation, magnetics, gravity, bathymetry (digitized from 3.5 kHz records) and acoustic doppler current profiler data.
4. Cataloging and microfilming of analog data (bridge and lab logs, 3.5 kHz, seismic reflection and raw SeaMARC II side-scan).
5. Transmission of digital data and analog microfilm records to NGDC.
6. Underway data plot and track chart to Chief Scientist.

1
SCHEDULE E
SeaMARC II Costs

Effective 1 September 1984

The SEAMARC II daily rate is based on actual operating costs during 1983 and early 1984, as well as projections of costs and rates of usage during the coming year. We also include the following assumptions:

- 1) The charge includes the costs of the SeaMARC II technical support staff at sea and on shore. The rate covers three SeaMARC II technicians at sea: the main operator of the system, an electronics engineer/technician, and a data analyst/computer operator to conduct onboard data processing. SeaMARC II watchstanders must be provided by the user's funds.
- 2) Routine data reduction on ship and later on shore, including a complete set of processed side-scan data and navigation to produce first-cut image mosaics and preliminary bathymetry, are included in the day rate. Subsequent special reworking of data for publication purposes, etc., will generally require additional funding.
- 3) The rate is an approximation based on an estimated 1985 usage of 210 days, including 107 days collecting data and 103 days mobilized on the ship, or in port, when technicians are required with the system.
- 4) The quoted day rate includes an amortization fee designed to recover, after six years, one-half the cost of SeaMARC II equipment purchased with HIG institutional funds. HIG presently has spent \$850,000 on the SeaMARC II system. Additional support has come from NSF and ONR. To amortize half this expenditure in six years requires a users fee of \$393/day, which is included in the base day rate. Users supported by funds derived from sources other than NSF and ONR, who provided partial support for system development, will be charged an additional fee of \$1,179/day, which will increase amortization rate to the point where if 50% of the use is non-ONR/NSF the system will be fully amortized in six years.
- 5) These rates apply to usage of the system as installed on a University of Hawaii research vessel. Additional costs required to transfer SeaMARC II to another vessel and back to the UH vessel, and extra operating costs associated with another vessel, will be borne by the user.

Budget Breakdown
(estimated as of September 1984. effective immediately)

A) Salaries (based on pay rates effective 1 July 1984)

<u>name</u>	<u>position</u>	<u>FTE</u>	<u>MONTHLY</u>	<u>total</u>
Hussong, D.	P.I.	50%	3,644	21,864
Bartlett, W.	grad. student	63%	1,187	8,903
Cuddy, D.	seagoing computer tech.	33%	2,380	9,520
Dang, S.	data analyst	50%	1,805	10,830
Daniel, B.	electronics engineer	100%	2,211	26,532
Gardner, J.	data analyst	100%	1,288	15,456
Hills, D.	programmer	50%	2,211	13,266
Mansfield, K.	data manager	100%	1,987	23,844
Poulos, S.	seagoing computer tech.	33%	1,779	7,116
Rehbock, K.	office manager	50%	1,694	10,164
Rognstad, M.	electronics engineer	100%	2,560	30,720
Subtotal				178,215
Sea Pay: 3 x \$15 x 215			9,675	
Student Help (40 hrs/week x \$4.00/hr)			8,500	
Fringe Benefits (0.30 x 178,215; 0.09 x 9,675; 0.02 x 8,500)			54,505	
Subtotal				250,895
Indirect Costs, 30% of \$187,890				56,367
TOTAL SALARIES				307,262

B) At Sea costs (assuming 90 days operations, 90 days mobilized)

Laboratory expendables and supplies (includes 4 EPC recorders)	9,000	
Computer costs at sea (maintenance, supplies, paper)	8,000	
Insurance (\$800/month while at sea--10 months)	8,000	
Computer tape (projected 40 tapes/day x \$14 x 107)	59,920	
Deck hardware maintenance	5,000	
Towing wire, umbilical, depressor, LRS maintenance	16,000	
Travel to ship (1.5 rotations per leg, 10 legs, \$1,400 average cost)	14,000	
Subtotal		126,920

C) On-shore laboratory expenses

HIG Harris Computer, plotter, etc.	59,000
Communications	2,000
Travel, IST (Seattle, system vendor), Scheduling, Planning meetings	9,000
Shipping (tape, parts)	10,500

System maintenance (shop charges) (6,000/month)	72,000
Lab supplies (paper, photo supplies, reproduction)	<u>8,600</u>

Subtotal

161,100

TOTAL ESTIMATED YEARLY COST

595,282

Usage day rate to cover system operating expenses:

In water, including acquisition and on-shore processing, \$4,601/day x 107 days	492,307
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Mobilized, \$1,000/day x 103 days	<u>103,000</u>
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TOTAL	595,307
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Day Rate Summary

1) Base rate; ONR/NSF funded users:

In water, data acquisition and routine processing:	\$4,601
amortization	<u>393</u>
	\$4,994 ←

Mobilized (Standby)	\$1,000
amortization	<u>393</u>
	\$1,393 ←

2) Other users; base rate plus increased amortization (\$1,179/day):

In water, data acquisition and routine processing:	\$5,780
Mobilized:	2,179

University of Hawaii at Manoa

JUL 3

Hawaii Institute of Geophysics
 2525 Correa Road • Honolulu, Hawaii 96822
 Cable Address: UNIHAW

February 1, 1984

Copies to: [unclear] Dayman ✓ me

MEMO TO: Distribution

FROM: J. F. Campbell *J.F. Campbell*

SUBJECT: Cost of Expendable Equipment and Supplies and Stations

To adjust for inflationary factors since the last analysis of the subject ship costs conducted in 1981, I have made another analysis of the cost of operating our shipboard systems. Based on the analysis, the following costs for expendable supplies are to be included in any proposals that plan to use the routine underway systems or for any proposals involving sampling or camera stations.

Cruises not requiring the use of the primary geophysical systems should at a minimum, propose to have \$15/day to cover costs associated with miscellaneous costs associated with communications, deck, office and lab supplies that are provided but need replenishment from time to time.

<u>System</u>	<u>Recommended Cost Per Day</u>	
Navigation	\$ 35.81	
Bathymetry	13.53	
Gravity	75.94	
Magnetics	41.45	
Seismic Reflection	193.49	
Seismic Refraction*	55.03	*Exclusive of explosives
Sonobuoy System	3.10	
Data Logging System	78.16	
Electronic Test Equipment	5.29	
Communications	3.05	
General Laboratory Supplies	30.54	
Ships Office Supplies	4.34	
Sample Processing	5.50	
<u>Misc. Deck Supplies</u>	<u>19.77</u>	
<u>TOTAL</u>	<u>\$565.00</u> ←	

<u>Stations</u>	<u>Recommended Cost Per Station</u>
Coring	\$400
Dredging	200
FFC	225
Camera	375

2. Without the prior written approval of the AID Grants Officer, the Grantee may not exceed the Grand Total set forth in the budget.

3. Notwithstanding the effective date of this Grant, and subject to the Standard Provision entitled "Allowable Costs and Payment (Other than Educational Institutions)," costs incurred on or after 1 April 1984 shall constitute allowable costs under this Grant.

F. Reporting:

1. Financial Reporting

a. Financial reporting requirements shall be in accordance with the Standard Provision of this Grant entitled "Payment - Letter of Credit (August 1884)".

b. The original and two copies of all financial reports shall be submitted to AID, Office of Financial Management, Program Accounting Division (FM/PAD), Washington, D.C. 20523. In addition, five copies of all financial reports shall be submitted to the Technical Office specified in the Cover Letter of this Grant.

2. Program Performance Reporting

a. The Grantee shall submit quarterly program performance reports, and a final report, which briefly presents the following information:

(1) A comparison of actual accomplishments with the goals established for the period, the findings of the investigator, or both. If the output of programs or projects can be readily quantified, such quantitative data should be related to cost data for computation of unit costs,

(2) Reasons why established goals were not met, and

(3) Other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

b. Between the required performance reporting dates, events may occur that have significant impact upon the program. In such instances, the Grantee shall inform AID as soon as the following types of conditions become known:

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

(2) Favorable developments or events that enable time schedules to be met sooner than anticipated or more work units to be produced than originally projected.

c. If any performance review conducted by the Grantee discloses the need for change in the budget estimates in accordance with the criteria established in the Standard Provision of this Grant entitled "Revision of Financial Plans", the Grantee shall submit a request for budget revision.

d. Five copies of each program performance report shall be submitted to the Technical Office specified in the Cover Letter of this Grant.

3. Special Reports

The Grantee shall provide special reports as requested by the AID Grant Officer, the AID/W Project Officer.

G. Overhead Rate:

Pursuant to the Standard Provision of this Grant entitled "Negotiated Overhead Rates - Nonprofit Organizations Other than Educational Institutions", a rate or rates shall be established for each of the Grantee's accounting periods during the term of this Grant. Pending establishment of final indirect cost rates for the initial period, provisional payments on account of allowable indirect costs shall be made on the basis of the following negotiated provisional rate applied to the base which is set forth below.

<u>Type</u>	<u>Rate</u>	
Overhead	42.5%	
Salary Burden	25.5%	(Professional Staff: Senior and Junior staff-weighted average)
Salary Burden	6%	(Graduate Students)
Salary Burden	2%	(Student Assistants)
Ship Rate	\$9932/day	(RV Sp Lee, See Schedule A)
Ship Rate	\$5597/day	(RV Moana Wave, See Schedule B))
Marine Technicians	\$ 586/day	(See Schedule C)

JD

Data Acquisition
and Archiving \$ 840/day (See Schedule D)

Sea Marc II a)\$4994 (Full use, See Schedule E)
b)\$1393 (Standby)

H. Special Provision:

1. OMB Circular A-122

The cost principles contained in "OMB Circular A-122" are synonymous with Subpart "31.7 of the Federal Acquisition Regulation (FAR)".

2. The Standard Provisions for this Grant shall be the attached provisions entitled, "U.S. Grantee and U.S. Subgrantees - Educational Institutions, AID 1420-51 (2-82), which are incorporated into this Grant as modified by the July 1982 Attachment to AID form 1420-52, also attached hereto.

3. Delete Standard Provisions 7A, 7B, 7C, 10B, 13B, 13C as inapplicable.

4. Standard Provision 20 entitled, "Patent Rights (Small Business Firms and Non-Profit Organizations is applicable to this Grant.

5. Standard Provision 36 entitled, Payment - Letter of Credit (August 1984).

PROGRAM DESCRIPTION

SECOND MARINE EXPLORATION OF MINERAL

AND HYDROCARBON POTENTIAL IN THE

SOUTH PACIFIC

Statement of Work

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9/20/84

STATEMENT OF WORK

SECOND MARINE EXPLORATION OF MINERAL AND HYDROCARBON POTENTIAL IN THE SOUTH PACIFIC

1.0 BACKGROUND

During calendar 1982, two survey voyages were undertaken and completed in the South Pacific: one by the Hawaiian Institute of Geophysics (HIG) employing its research vessel (RV) the Kana Keoki; and the other by the U.S. Geological Survey (USGS) with its research vessel the S.P. Lee. The purpose of the HIG voyage was exploration and delineation of the submarine mineral resource potential of the region surveyed. For the USGS voyage, the purpose was exploration and delineation of the hydrocarbon potential.

For the HIG voyage the territorial waters were Western Samoa, Tuvalu, Fiji, Vanuatu, and the Solomon Islands. For the USGS voyage, considerable geophysical data were taken in the offshore waters of Tonga, Vanuatu, and the Solomon Islands. The data taken during the voyages and the analysis of submarine samples are currently in the final stages of evaluation. Some of the results have been published. In all, the results so far are considered encouraging and warranting further exploration.

The voyages were undertaken and arranged for under an ANZUS (Australia, New Zealand, and United States) Tripartite Agreement, in association with CCOP/SOPAC (United Nations Committee for the Coordination of Joint Prospecting for Mineral Resources in the South Pacific Offshore Areas). Funding from the United States was provided under this agreement largely by the Agency for International Development for the hydrocarbon aspects and by the Office of Naval Research for the mineral resources aspects.

Although the evaluation results, with respect to the hydrocarbon potential of the region, have been encouraging, they have also identified gaps in the data collected that need to be filled, if the geological and geophysical characteristics of the region are to be adequately delineated by realistic assessments of hydrocarbon potential. With respect to the mineral resource potential, at least two basins with indications of a massive metalliferous sulfide deposit potential have been located, which require further exploration.

To provide the needed data, a second ANZUS Tripartite Agreement has now been negotiated. Signature occurred on 19 September 1984. The terms of this Agreement provide for a second survey-voyage program for the RV S.P. Lee and for the RV Moana Wave (replacing the RV Kana Keoki). This program is to be completed within a time frame for data collection, compilation, sample taking and analysis, evaluation, and publication before 31 December 1986.

The voyage of the RV S.P. Lee occurred in April through July of 1984, and that of the RV Moana Wave is to occur in calendar 1985. Since the first voyages in 1982, the management and operation of the RV S.P. Lee has been taken over by the HIG.

The HIG will make the RV S.P. Lee available to the USGS complete with crew, consumables, and maintenance. The USGS will provide the scientific direction of the ship's survey activities.

2.0 PURPOSE AND SCOPE

The overall purpose of the work is to provide the activities through the Hawaiian Institute of Geophysics (HIG) required to implement the responsibilities of the U.S. Government that are specified in the second ANZUS Tripartite Agreement. Specifically, the purposes are for the HIG

- to complete the evaluations and to publish the results of the first voyage of submarine mineral resource exploration by the RV Kana Keeki,
- to provide the facility and services of the RV S.P. Lee to support the U.S. Geological Survey in undertaking and completing the second voyage for assessment hydrocarbon potential,
- to undertake and complete the second voyage for mineral resource assessment using the RV Moana Wave and the subsequent data evaluations and publication of results.

The completion of the first voyage results shall conform in scope to the requirements specified in the first ANZUS Tripartite Agreement. The scope of services of the RV S.P. Lee shall include all ship support components necessary to undertake and complete the scheduled voyage, acquire the data in accordance with plan, and accommodate the professional personnel scheduled to make the voyage. For the mineral resource assessment, the HIG shall provide the RV Moana Wave and the necessary scientific and technical personnel needed to undertake, complete, evaluate, and publish results of the second voyage for mineral resource assessment in accordance with the responsibilities assigned to the United States under the second ANZUS Tripartite Agreement. The substantive content is stated in Annex B of the Agreement. The Agreement itself details the responsibility of the signatories and others.

3.0 CONDITIONS PRECEDENT

Costs that are related to the activities stated below but incurred prior to signature date of the treaty shall be allowed.

4.0 ACTIVITIES

To implement the work program specified in the Tripartite II Agreement, the HIG shall undertake and complete the following activities:

4.1 Uncompleted Prior Work

As required by the terms of the Tripartite I Agreement, HIG scientists are to complete the analysis and evaluation of the data gathered during the RV Kana Keeki surveys, including the preparation of camera-ready copy for the final report. This work shall be completed prior to the beginning of survey voyages by the RV Moana Wave.

This work was performed in connection with an ONR contract which did not provide adequate funding to complete preparation of the report or its publication. AID desires that this information and data be made available.

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4.2 Planning for Minerals Survey-Voyages

Provide travel support for appropriate HIG scientists to participate in the planning of the survey voyages to be undertaken by the RV Moana Wave. Salaries and overhead for these scientists during the planning function are to be provided by HIG.

4.3 Support of Hydrocarbon Survey Voyage

Provide the facility and services of the research vessel S.P. Lee for usage under the scientific direction of the U.S. Geological Survey (USGS) scientific personnel for 77 of the 120 survey days.

4.4 Support of the Minerals Survey Voyage

Provide the facility and services of the research vessel Moana Wave for 93 of the 110 survey days for implementation of the work program specified in the Tripartite II Agreement.

4.5 Personnel

Provide the services of appropriate scientific and technical personnel to conduct and complete the work program specified in the Tripartite II Agreement for the minerals survey and as appropriate to support ship operations for the hydrocarbon survey.

4.6 Equipment (Minerals Survey Program)

Provide adequate and appropriate scientific underway, sampling and shore support equipment to conduct the at-sea data acquisition and appropriate on-shore laboratory analyses, as required for the completion of the work program specified in the Tripartite II Agreement. HIG may apply standard use charges and these charges shall be the same as those charged to other U.S. government-funded projects. Underway geophysical equipment is to include, but not be limited to, hydrophone arrays, magnetometer, gravimeter, pneumatic sound sources, data loggers and recorders, and HIG's SeaMarc II mapping system. Sampling equipment is to include, but not be limited to, rock and bucket dredges, piston corers, free fall corers, free fall grab samplers, underwater camera systems, box corer, and associated flashers, radios, radio direction finders and pingers. Shore support equipment is to include computers, analytical equipment, and appropriate office facilities.

HIG shall provide the following items through purchase for use during the Tripartite II program: free fall corers, free fall grab samplers, box corer, underwater stereo camera, and associated radios, flashers and pingers necessary for recovery operations. The need for specific purchase of this equipment is recognized, since loss of equipment during sampling will occur and replacement of the lost equipment will be necessary. Moreover, the extended nature of the survey effort requires that HIG's equipment reserve aboard ship be increased so that sampling equipment will be available throughout the survey effort.

4.7 Counterparts and Training

Provide appropriate facilities and scientific and support staff to enable participation of host-country nationals and CCOP/SOPAC scientists, in the training program called for in the Tripartite Agreement. This training program shall include: participation by counterparts in the survey planning effort; at-sea training through the operations of the research vessels; participation in the post-cruise meetings; participation by selected nationals in data work-up, interpretation, and in specialized analysis projects; organizing and conducting major workshops in the CCOP/SOPAC region; and participation of nationals in the preparation of the final report for the Tripartite II project.

4.8 Personnel Participation

Appropriate HIG scientists and technicians shall participate in the operations of the research vessel in post-cruise meetings, in CCOP/SOPAC regional workshops and meetings, and in scientific meetings in the U.S. to report the results of the research undertaken during the Tripartite II project.

5.0 SCHEDULE

The authorized activities shall be completed as scheduled through detailed planning for these activities as specified in the Tripartite II Agreement, subject only to the availability of funding. The intent is for all activities to be completed by 31 December 1986.

6.0 REPORTS

HIG shall submit interim, progress, and final reports as called for through detailed planning under the Tripartite II Agreement. The published report called for in Section 4.1 above shall be made available as soon as practical and distributed as required by Tripartite I Agreement.

HIG shall submit a separate and discrete report, at the appropriate time, detailing a plan to be funded under this contract, for presenting the final results at a U.S. location to industry participants having an interest for employing them in their own activities.

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ALTERATIONS IN GRANT

The following alterations have been made in the provisions of this grant:

1. Change the title of Standard Provision 15*, dated "2-82, to read:

"TERMINATION AND SUSPENSION".

2. Insert a new paragraph "(d)" in Standard Provision 15* as follows:

(d) Suspension: Termination for Changed Circumstances. If at any time AID determines (1) that disbursement by AID would be in violation of applicable law, or (2) 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, 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 to pertain for 60 days or more, then AID may terminate this Grant on written notice to the Grantee and cancel that portion of this Grant which has not been disbursed or irrevocably committed to third parties. Financial settlement of this Grant shall be governed by the termination procedures specified in paragraph (c) above.

3. Delete the applicability statement in Standard Provision 16, Voluntary Participation, and substitute the following therefor:

"(This provision is applicable to all grants involving any aspect of family planning or population assistance activities.)"

4. Delete the applicability statement in Standard Provision 17, Prohibition on Abortion-Related Activities, and substitute the following therefor:

*This is Standard Provision 5 for AID Forms 1420-53, and -54

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

5. Add the following to the last line of paragraph (a) of Standard Provision 17: "; (5) lobbying for abortion."

6. Delete paragraph (b) of Standard Provision 17 and substitute the following therefor:

" (b) 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 abortion is not precluded.

(c) The Grantee shall insert paragraphs (a), (b), and (c) of this provision in all subgrants, subcontracts, purchase orders, and any other subordinate agreements hereunder."

7. *Delete Paragraph (c) of Standard Provision 10A entitled "Procurement of Goods and Services Under \$250,000" and substitute the following therefore:

"(c) Geographic Source and Order of Preference

All goods (e.g., equipment, materials, and supplies) and services, the costs of which are to be reimbursed under this grant, and which will be financed with United States dollars, shall be purchased in and shipped from only "Special Free World" countries (i.e., AID Geographic Code 935) in accordance with the following order of preference:

- (1) the United States (AID Geographic Code 000),
- (2) the cooperating country,
- (3) "Selected Free World" countries (AID Geographic Code 941),
- (4) "Special Free World" countries (AID Geographic Code 935)."

8. **Delete Paragraph (d) of Standard Provision 10B entitled "Procurement of Goods and Services Over \$250,000," and substitute the following therefore:

*This is Standard Provision 12A for AID Forms 1420-53 and -54.
**This is Standard Provision 12B for AID Forms 1420-53 and -54

"(d) Nationality. Except as specified in paragraph (c) of this provision, in order to be eligible for AID financing under this grant, suppliers, contractors, or subcontractors must fit one of the following categories:

(1) Suppliers of commodities. A supplier providing goods under this grant must fit one of the following categories for the costs of such goods to be eligible for AID financing:

(i) An individual who is a citizen or, except as provided in paragraph (d)(7) of this clause, a legal resident of a country or area included in the authorized geographic code;

(ii) A corporation or partnership organized under the laws of a country or area included in the authorized geographic code;

(iii) A controlled foreign corporation, i.e., any foreign corporation of which more than 50 percent of the total combined voting power of all classes of stock is owned by United States shareholders within the meaning of Section 957 et seq. of the Internal Revenue Code, 26 U.S.C. 957; or

(iv) A joint venture or unincorporated association consisting entirely of individuals, corporations, or partnerships which are eligible under any of the foregoing categories.

(2) Privately owned commercial suppliers of services. An individual or a privately owned commercial firm is eligible for financing by AID under this grant as a contractor providing services only if the criteria in paragraphs (d)(2)(i), (ii), or (iii) of this provision are met and, in the case of the categories described in paragraphs (d)(2)(ii) and (iii), the certification requirements in paragraph (d)(2)(iv) are met.

(i) The supplier is an individual who is a citizen of and whose principal place of business is in a country or area included in the authorized geographic code or a non-U.S. citizen lawfully admitted for permanent residence in the United States whose principal place of business is in the United States;

(ii) The supplier is a privately owned commercial (i.e., for profit) corporation or partnership that is incorporated or legally organized under the laws of a country or area included in the authorized geographic code, has its principal place of business in a country or area included in the authorized geographic code, and meets the criteria set forth in either subparagraph (A) or (B) below:

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(A) The corporation or partnership is more than 50% beneficially owned by individuals who are citizens of a country or area included in the authorized geographic code. In the case of corporations, "more than 50% beneficially owned" means that more than 50% of each class of stock is owned by such individuals; in the case of partnerships, "more than 50% beneficially owned" means that more than 50% of each category of partnership interest (e.g., general, limited) is owned by such individuals. (With respect to stock or interest held by companies, funds or institutions, the ultimate beneficial ownership by individuals is controlling.)

(B) The corporation or partnership:

(1) has been incorporated or legally organized in the United States for more than 3 years prior to the issuance date of the invitation for bids or request for proposals, and

(2) has performed within the United States similar administrative and technical, professional, or construction services under a contract or contracts for services and derived revenue therefrom in each of the 3 years prior to the issuance date of the invitation for bids or request for proposals, and

(3) employs United States citizens in more than half its permanent full-time positions in the United States, and

(4) has the existing capability in the United States to perform the contract.

(iii) The supplier is a joint venture or unincorporated association consisting entirely of individuals, corporations, partnerships, or nonprofit organizations which are eligible under paragraphs (d)(2)(i), (d)(2)(ii), or (d)(3) of this provision.

(iv) A duly authorized officer of a firm or nonprofit organization shall certify that the participating firm or nonprofit organization meets either the requirements of paragraphs (d)(2)(ii)(A), (d)(2)(ii)(B), or (d)(3) of this clause. In the case of corporations, the certifying officer shall be the corporate secretary. With respect to the requirements of paragraph (d)(2)(ii)(A), the certifying officer may presume citizenship on the basis of the stockholder's record address, provided the certifying officer certifies, regarding any stockholder (including any corporate fund or institutional stockholder) whose holdings are material to the corporation's eligibility, that the certifying officer knows of no fact which might rebut that presumption.

(3) Nonprofit organizations. Nonprofit organizations, such as educational institutions, foundations, and associations, are eligible for financing by AID under this grant as contractors for services if they meet all of the criteria listed in paragraphs (d)(3)(i), (ii), and (iii) below, and the certification requirement in paragraph (d)(2)(iv) of this clause is met. (International agricultural research centers and such other international research centers as may be, from time to time, formally listed as such by the Senior Assistant Administrator, Bureau for Science and Technology, are considered to be of U.S. nationality for purposes of this provision.) Any such organizations must:

(i) Be organized under the laws of a country or area included in the authorized geographic code; and

(ii) Be controlled and managed by a governing body, a majority of whose members are citizens of countries or areas included in the authorized geographic code; and

(iii) Have its principal facilities and offices in a country or area included in the authorized geographic code.

(4) Government-owned organizations. Except as may be specifically approved in advance by the Grant Officer firms operated as commercial companies or other organizations (including nonprofit organizations other than public educational institutions) which are wholly or partially owned by governments or agencies thereof are not eligible for financing by AID under this grant as contractors.

(5) Joint ventures. A joint venture or unincorporated association is eligible only if each of its members is eligible in accordance with paragraphs (d)(2), (3), or (4) of this clause.

(6) Construction services from local firms. When the host country is an authorized source for services, and the estimated cost of the construction services is \$5 million or less, a corporation or partnership may be determined by AID to be an integral part of the local economy in accordance with AID Handbook 1B, Chapter 5, Paragraph 5D5, is eligible.

(7) Ineligible suppliers. Citizens of any country or area, and firms and organizations located in or organized under the laws of any country or area; which is not included in Geographic Code 935 are ineligible for financing by AID as suppliers of services or of commodities, or as agents acting in connection with the supply of services or of commodities, except that non-U.S. citizens lawfully admitted for permanent residence in the United States are eligible regardless of such citizenship.

(8) Special restrictions on 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 the 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, obtain the AID Grant Officer's approval for any such contract."

**U.S. Grantees and U.S. Subgrantees
EDUCATIONAL INSTITUTIONS
INDEX OF
STANDARD PROVISIONS**

- | | |
|--|--|
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—SEE FOOTNOTE ON PAGE 22—

If the institution is not on a predetermined rate basis, omit 5A; otherwise use both provisions.

Select only 1 payment provision from Group 7.

Select only 1 procurement provision from Group 10.

Select only 1 title provision from Group 13, if title to all property is vested in one entity; however, if title is to be split by categories among two or more entities, select the appropriate provisions from Group 13 and identify the categories and entities in the Schedule of the Grant.

1. ALLOWABLE COSTS AND CONTRIBUTIONS (EDUCATIONAL INSTITUTIONS)

(This provision is applicable to educational institutions)

(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 (1) this grant, (2) any negotiated advance understanding on particular cost items, and (3) OMB Circular A-21 "Principles for Determining Costs Applicable to Grants, Contracts and Other Agreements with Educational Institutions," in effect on the date of this grant (hereinafter referred to as "applicable cost principles").

(b) If Grantee contributions in the form of cost sharing/matching are required under this grant, the

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allowability of costs applied to the grant for such contributions shall be determined by the Grant Officer in accordance with the terms of paragraph 1K, "Cost Sharing and Matching" of Handbook 13 in effect on the date of this Grant.

(c) The requirements set forth in this provision are only applicable to costs incurred with funds provided by AID under this grant. Except for paragraph (b) above, the requirements set forth in this provision are not applicable to costs incurred by the Grantee from non-Federal funds. Such costs will be considered allowable to the extent they conform to the requirements of paragraph (b) above and are incurred for purposes of the grant.

2. ACCOUNTING, AUDIT AND RECORDS

(a) With respect to accounting, records and audit, the Grantee shall comply with the requirements set forth in paragraphs 1I, 1J, 1L, and 1M of Handbook 13.

(b) The AID Inspector General and the Comptroller General of the United States or their duly authorized representatives (see paragraph 116 of Chapter 1 of Handbook 13) reserve the right to conduct an audit of the Grantee's books and records to determine whether the Grantee has expended AID's funds in accordance with the terms and conditions of this grant. The Grantee agrees to make available any further information requested by AID with respect to any questions arising as a result of the audit.

3. REFUNDS

(a) If use of the AID funds provided hereunder results in accrual of interest to the Grantee or to any other person to whom Grantee makes such funds available in carrying out the purposes of the grant, the Grantee shall refund to AID an amount equivalent to the amount of interest accrued.

(b) Funds obligated by AID hereunder, 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 disbursed to but not expended by the Grantee at the time of expiration or termination of the Grant shall be refunded to AID.

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

4. NONDISCRIMINATION IN FEDERALLY ASSISTED PROGRAMS

(a) No person in the United States shall be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity receiving financial assistance from AID in accordance with:

(1) Title VI of the Civil Rights Act of 1964 (Pub. L. 88-352, 42 U.S.C. 2000-d) which prohibits discrimination on the basis of race, color or national origin, in programs and activities receiving Federal financial assistance.

(2) Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) which prohibits discrimination on the basis of handicap in programs and activities receiving Federal financial assistance.

(3) The Age Discrimination Act of 1975, as amended (Pub. L. 95-478), which prohibits discrimination based on age in the delivery of services and benefits supported with Federal funds.

(4) Title IX of the Education Amendments of 1972 (20 U.S.C. 1681, *et seq.*) which prohibits discrimination on the basis of sex in education programs and activities receiving Federal financial assistance (whether or not the programs or activities are offered or sponsored by an educational institution); and

(b) In accordance with its written assurance, the Grantee agrees to comply with AID regulations implementing the above nondiscrimination laws, set forth in Chapter II of Title 22 of the Code of Federal Regulations.

5A. NEGOTIATED OVERHEAD RATES—PREDETERMINED

(This provision is applicable to educational or other nonprofit organizations or institutions that are on a predetermined overhead rate basis)

(a) Notwithstanding the provision of this grant entitled "Allowable Costs and Contributions," the allowable indirect costs under this grant shall be obtained by applying predetermined overhead rates to the base(s) agreed upon by the parties, as specified in the Schedule of this grant.

(b) The Grantee, except for educational institutions covered by OMB Circular A-88, as soon as possible but not later than 3 months after the close of each of its accounting periods during the term of this grant, shall submit to the AID Grant Officer with copies to the cognizant audit activity, the AID Inspector General, and the AID Overhead and Special Costs Branch, Services Operations Division, Office of Contract Management, AID/Washington, D.C.

20523, a proposed predetermined overhead rate or rates based on the Grantee's actual cost experience during that fiscal year, together with supporting cost data. Negotiation of predetermined overhead rates by the Grantee and the AID Grant Officer shall be undertaken as promptly as practicable after receipt of the Grantee's proposal.

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

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

(e) Pending establishment of predetermined overhead rates for any fiscal year or different period agreed to by the parties, the Grantee shall be reimbursed either at the rates fixed for the previous fiscal year or other period or at billing rates acceptable to the AID Grant Officer subject to appropriate adjustment when the final rates for the fiscal year or other period are established.

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

5B. NEGOTIATED OVERHEAD RATES—EDUCATIONAL INSTITUTIONS

(This provision is applicable to educational institutions which do not have predetermined rates; however, it shall also be included when the

NEGOTIATED OVERHEAD RATES—PREDETERMINED provision is used, under the conditions set forth therein)

(a) Pursuant to this provision, 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, the parties have agreed that provisional payments on account of allowable indirect costs shall be at the rate(s), on the bases(s), and for the period shown in the Schedule of this grant.

(b) The Grantee, except educational institutions covered by OMB Circular A-88, as soon as possible but not later than 90 days after the close of each of its accounting periods during the term of this grant shall submit to the Grant Officer with copies to the Overhead and Special Cost Branch, Services Operations Division, Office of Contract Management, AID/Washington, D.C. 20523 and to the Office of the Inspector General, AID/Washington, D.C. 20523, a proposed final rate or rates for the period, together with supporting cost data. Negotiation of final overhead rates by the Grantee and the Grant Officer shall be undertaken as promptly as practicable after receipt of the Grantee's proposal.

(c) Allowability of costs and acceptability of cost allocation methods shall be determined in accordance with OMB Circular A-21 (Principles for Determining Costs Applicable to Grants, Contracts and other Agreements with Educational Institutions) as in effect on the date of this grant.

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

(e) Pending establishment of final overhead rates for any period, the Grantee shall be reimbursed either at negotiated provisional rates as provided above or at billing rates acceptable to the Grant Officer, subject to appropriate adjustment when the final rates for that period are established. 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 a modification to this grant.

(f) Any failure by the parties to agree on any final rate or rates under this provision shall be considered a dispute within the meaning of the Standard Provi-

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sion of this Grant, entitled "Disputes," and shall be disposed of in accordance therewith.

6. REVISION OF FINANCIAL PLANS

(a) The Financial Plan, i.e., grant budget, is the financial expression of the project or program as approved during the application and/or 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 Financial Plan will be necessary for any of the following reasons:

1. To change the scope or the objectives of the project or program.

2. Additional funding is needed.

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

4. The Grantee plans to transfer amounts budgeted for indirect costs to absorb increases in direct costs or vice versa.

5. The Grantee plans to transfer funds budgeted for training allowances (direct payments to trainees) to other categories of expense.

6. The Grantee plans to incur an expenditure which would require approval under the terms of this grant, and was not included in the approved Financial Plan.

7. The Grantee intends to subcontract or subgrant any of the substantive programmatic work under this grant, and such subcontracts or subgrants were not included in the approved Financial Plan.

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

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

(e) If the requested budget revision requires the obligation of additional funding, and, if after notification pursuant to this Standard Provision, AID determines not to provide additional funds, the AID Grant Officer will, upon written request of the

Grantee, terminate this grant pursuant to the Standard Provision of this grant, entitled "Termination."

(f) Except as required by other provisions of this grant specifically citing and 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, and the Grantee shall not be obligated to continue performance under the grant (including actions under the "Termination" provision) or otherwise to incur costs in excess of the amount obligated under the grant, unless and until the Grant Officer has notified the Grantee in writing that such obligated amount has been increased and has specified in such notice an increased amount constituting the total amount then obligated under the Grant.

7A. PAYMENT—FEDERAL RESERVE LETTER OF CREDIT (FRLC) ADVANCE

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

(a) AID shall open a Federal Reserve Letter of Credit (hereinafter referred to as "FRLC") in the amount of funding obligated by this grant, against which the Grantee may draw cash only for immediate disbursing needs. The term "immediate disbursing needs" when applied to FRLC's is defined as the cash requirements for a three-day period. Any subgrantee funded by the Grantee from funds provided by this grant, shall obtain such funds from the Grantee only as needed for disbursement. The financial management system of the Grantee shall provide for effective control over and accountability for Federal funds as stated in paragraph 1L of Handbook 13.

(b) FRLC Operational Requirements

(1) The Grantee will select a commercial bank that agrees to receive payment vouchers, TFS Form 5401, "Payment Voucher on Letter of Credit," drawn on the U.S. Treasury and to forward such payment vouchers to the applicable Federal Reserve Bank or branch. The Grantee shall select a commercial bank that will credit the account of the Grantee at the time of presentation of the completed payment voucher. Immediate credit by the commercial bank will enable the Grantee to meet its responsibilities to draw cash only when actually needed for disbursements.

(2) After arranging with a commercial bank for operations under the FRLC and obtaining the name and address of the Federal Reserve Bank or branch serving the commercial bank, the Grantee shall deliver to the AID Controller, three originals of Standard Form 1194, "Authorized Signature Card for Payment Vouchers on Letters of Credit," signed by those officials authorized to sign payment vouchers against the FRLC and by the designated official of the Grantee who has authority to specify individuals to sign payment vouchers. Only those officials whose signatures appear on the SF-1194 can sign the TFS Form 5401. New signature cards must be submitted whenever there is a change in the persons authorized to sign payment vouchers.

(3) The Grantee shall subsequently receive one certified copy of the Letter of Credit, SF-1193. No payment vouchers shall be presented to the commercial bank before the FRLC is opened. The SF-1193 indicates the effective date the FRLC is opened.

(4) As funds are required for immediate disbursement needs, the Grantee will submit a properly completed payment voucher (Form TFS 5401) to the commercial bank for transmission to the Federal Reserve Bank or branch. The commercial bank may at this time credit the account of the Grantee with the amount of funds being drawn down. Payment vouchers shall not ordinarily be submitted more frequently than daily and shall not be less than \$5,000 or more than \$5,000,000. In no event shall the accumulated total of all such payment vouchers exceed the amount of the FRLC.

(5) In preparing the payment voucher, the Grantee shall assign a voucher number in numerical sequence beginning with 1 and continuing in sequence on all subsequent payment vouchers submitted under the FRLC.

(6) After the first payment voucher (Form TFS 5401) has been processed, succeeding payment vouchers shall not be presented until the existing

balance of previous drawdowns has been expended or is insufficient to meet current needs.

(c) FRLC Reporting

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

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

(d) Suspension of FRLC

(1) If at any time, the AID Controller determines that the Grantee has failed to comply with the terms and conditions of the FRLC, the AID Controller shall advise the Grant Officer who may cause the FRLC to be suspended or revoked.

(2) The Controller may recommend suspension or revocation to the Grant Officer on the grounds of an unwillingness or inability of the Grantee to: (A) establish procedures that will minimize the time elapsing between cash drawdowns and the disbursement thereof, (B) timely report cash disbursements and balances as required by the terms of the grant and (C) impose the same standards of timing of advances and reporting on any subrecipient or any of the Grantee's overseas field organizations.

7B. PAYMENT—PERIODIC ADVANCES

(This provision is applicable when the conditions for use of an FRLC cannot be met (including those pertaining to mixed dollar and local currency advances) and when: (i) the Grantee has the ability to maintain procedures that will minimize the time elapsing between the transfer of funds and the disbursement thereof, and (ii) the Grantee's financial management system meets the standards for fund control and accountability required under the standard provision of this grant entitled: "Accounting, Audit and Records")

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

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

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

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

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

7C. PAYMENT—REIMBURSEMENT

(This provision is applicable to grants for construction, or to grants where Grantees do not meet the conditions for either an FRLC or periodic advance payment)

(a) Each month, the Grantee shall submit an original and two copies of SF-270, "Request for Advance or Reimbursement," to the address specified in the Schedule of this grant.

(b) A "Financial Status Report," SF-269, shall be submitted quarterly no later than 30 days after the end of the period in an original and two copies. The final "Financial Status Report" must be submitted within 90 days after the conclusion of the grant.

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

8. TRAVEL AND TRANSPORTATION

(This provision is applicable when domestic or international air travel or shipment costs are reimbursable under the grant)

(a) The Grant Officer hereby approves international travel to be reimbursed under this grant provided that the Grantee shall obtain written concurrence from the cognizant Project Officer in AID prior to sending any individual outside the United States to perform work under the grant. For this purpose the Grantee shall advise the Project Officer at least 30 days in advance of any travel to be undertaken outside the United States. After concurrence is received the Grantee shall provide the cognizant Mission or U.S. Embassy advance notification (with a copy to the Project Officer) of the arrival date and flight identification of grant-financed travelers.

(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, it will so

notify the Grantee after receipt of advice of intent to travel, required above. AID will issue a Government Transportation Request (GTR) which the Grantee may exchange for tickets, or AID will issue the tickets directly. Use of such U.S.-owned currencies will constitute a dollar charge to this grant.

(c) All international air travel and all international air shipments funded under this grant shall be made on United States flag air carriers (hereinafter referred to as "certificated air carriers"), to the extent service by such carriers is available in accordance with paragraphs (d) and (e) below:

The terms used in this provision have the following meanings:

(1) "International air transportation" means transportation of persons (and their personal effects) or property by air between a place in the United States and a place outside thereof or between two places both of which are outside the United States.

(2) "U.S. flag air carriers" means one of a class of air carriers holding a certificate of public convenience and necessity issued by the Civil Aeronautics Board, approved by the President, authorizing operations between the United States and/or its territories and one or more foreign countries.

(3) The term "United States" includes the fifty states, Commonwealth of Puerto Rico, possessions of the United States, and the District of Columbia.

(d) Passenger or freight service by a certificated air carrier is considered "available" even though:

(1) Service by noncertificated air carrier can be paid for in excess foreign currency, or

(2) Service by a noncertificated air carrier is preferred by the agency or traveler needing air transportation, or

(3) Service by a noncertificated air carrier is more convenient for the agency or traveler needing air transportation.

(e) Passenger service by a certificated air carrier will be considered to be "unavailable":

(1) When certificated air carriers offer only first class service, and less than first class service is available from noncertificated air carriers, or

(2) When the traveler, while en route, has to wait 6 hours or more to transfer to a certificated air carrier to proceed to the intended destination, or

(3) When any flight by a certificated air carrier is interrupted by a stop anticipated to be 6 hours or more for refueling, reloading, repairs, etc., and no other flight by a certificated air carrier is available during the 6 hour period, or

(4) When by itself or in combination with other certificated or noncertificated air carriers (if certificated air carriers are "unavailable") it takes 12 or

more hours longer from the original airport to the destination airport to accomplish the agency's mission than would service by a noncertificated air carrier or carriers.

(5) When the elapsed travel time on a scheduled flight from origin to destination airports by noncertificated air carrier(s) is 3 hours or less, and service by certificated air carrier(s) would involve twice such scheduled travel time.

(f) Freight service by a certificated air carrier will be considered to be unavailable when:

(1) No certificated air carrier provides scheduled air freight service from the airport serving the shipment's point of origin, and a noncertificated air carrier does.

(2) The certificated air carrier(s) serving the shipment's point of origin decline to issue a through airway bill for transportation to the shipment's final destination airport.

(3) Use of a certificated air carrier would result in delivery to final destination at least 7 days later than delivery by means of a noncertificated air carrier.

(4) The total weight of the consignment exceeds the maximum weight per shipment which a certificated air carrier will accept and transport as a single shipment, and a noncertificated air carrier will accept and transport the entire consignment as a single shipment.

(5) The dimensions (length, width, or height) of one or more of the items of a consignment exceed the limitation of the certificated aircraft's cargo door openings, but do not exceed the acceptable dimensions for shipment on an available noncertificated air carrier.

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

CERTIFICATION OF UNAVAILABILITY OF U.S. FLAG AIR CARRIERS

I hereby certify that the transportation service for personnel (and their personal effects) or property by certificated air carrier was unavailable for the following reason(s): (State appropriate reason(s), set forth in (e) or (f) above; see 41 CFR 1-1.323-3 for further guidance.)

(h) *Travel Costs and Overseas Maintenance Allowances*

(1) *Travel Within the United States*

(i) As used herein, the term "travel within the United States" includes the 50 states, District of Col-

umbia, Commonwealth of Puerto Rico, Virgin Islands, and all the U.S. Territories except the Trust Territories of the Pacific Islands.

(ii) Subsistence allowances paid to Grantee employees traveling within the United States will be reimbursed in accordance with the established policies and practices of the Grantee which are uniformly applied to both federally financed and other activities of the Grantee.

(2) International Travel

(i) As used herein, the term "international travel" includes travel to the U.S. Trust Territories of the Pacific Islands.

(ii) The Grantee will be reimbursed for international travel, subsistence, and post differentials and other allowances paid to employees in an international travel status, or assigned overseas, in accordance with the Grantee's established policies and practices which are uniformly applied to federally financed and other activities of the Grantee, but only to the extent that such reimbursement does not exceed the applicable amounts or rates established in the Standardized Regulations (Government Civilians, Foreign Areas), published by the U.S. Department of State, as from time to time amended.

9. OCEAN SHIPMENT OF GOODS

(This provision is applicable when goods purchased with funds provided under this grant are transported to the Cooperating Country on ocean vessels)

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

(b) At least 50% of the gross freight revenue generated by shipments of goods purchased under this grant and transported to the Cooperating Country on dry cargo liners shall be paid to or for the benefit of privately owned U.S. flag commercial 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 certificate of nonavailability from the AID Transportation Support Division, Office of Commodity Management, Washington, D.C. 20523, giving the basis for the request. Such a determination of nonavailability will relieve the Grantee of the requirement to use U.S. flag vessels for the items included in the determination.

(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 Maritime Administration Cargo Preference Control Center, Commerce Building, Washington, D.C. 20235, and that such bills of lading state all of the carrier's charges including the basis for calculations such as weight or cubic measurement."

(e) Shipments by voluntary nonprofit relief agencies (i.e., PVO's) shall be governed by this Standard Provision and by AID Regulation 2, "Overseas Shipments of Supplies by Voluntary Nonprofit Relief Agencies" (22 CFR 202).

10A. PROCUREMENT OF GOODS AND SERVICES UNDER \$250,000

(This provision is applicable when the total procurement element (i.e., the sum of all purchase orders and contracts for goods and services) of this grant does not exceed \$250,000)

(a) 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.

If AID determines that the Grantee has procured any of the ineligible goods and services specified above under this grant, and has received reimbursement for such purposes, the Grantee agrees to refund to AID the entire amount of the reimbursement.

(b) Restricted Goods

The Grantee shall not procure any of the following goods and services without the prior written authorization of the Grant Officer:

- (1) agricultural commodities,
- (2) motor vehicles,
- (3) pharmaceuticals,
- (4) pesticides,
- (5) rubber compounding chemicals and plasticizers,
- (6) used equipment,
- (7) U.S. Government-owned excess property, or
- (8) fertilizer.

If AID determines that the Grantee has procured any of the restricted goods specified above under this grant, without the prior written authorization of the

Grant Officer, and has received reimbursement for such purpose, the Grantee agrees to refund to AID the entire amount of the reimbursement.

(c) *Geographic Source and Order of Preference*

All goods (e.g., equipment, materials, and supplies) and services, the costs of which are to be reimbursed under this grant, and which will be financed with United States dollars, shall be purchased in and shipped from only "Special Free World" countries (i.e., AID Geographic Code 935) in accordance with the following order of preference:

- (1) the United States (AID Geographic Code 000),
- (2) "Selected Free World" countries (AID Geographic Code 941),
- (3) the cooperating country,
- (4) "Special Free World" countries (AID Geographic Code 935).

(d) *Violation of Order of Preference*

When a Grantee procures goods and services from other than U.S. sources, under the order of preference in (c) above, it 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:

- (1) the procurement was of an emergency nature, which would not allow for the delay attendant to soliciting U.S. sources,
- (2) the price differential for procurement from U.S. sources exceeded by 50% or more the delivered price from the non-U.S. source,
- (3) impelling local political considerations precluded consideration of U.S. sources,
- (4) the goods or services were not available from U.S. sources, or
- (5) procurement of locally available goods or services, as opposed to procurement of U.S. goods and services, would best promote the objectives of the Foreign Assistance program under the grant.

(e) *The Grantee's Procurement System*

The Grantee may use its own procurement policies and procedures provided they conform to the geographic source and order of preference requirements of this provision and the standards set forth in paragraph 1U of AID Handbook 13, "Grants."

(f) *Small Business*

To permit AID, in accordance with the small business provisions of the Foreign Assistance Act of 1961, as amended, to give United States small business firms an opportunity to participate in supplying commodities and services procured under this

grant, the Grantee shall to maximum extent possible, provide the following information to the Office of Small and 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:

- (1) Brief general description and quantity of goods or services;
- (2) Closing date for receiving quotations, proposals, or bids; and
- (3) Address where invitations or specifications can be obtained.

(g) *Ineligible Suppliers*

Funds provided under this grant shall not be used to procure any commodity or commodity-related services furnished by any supplier whose name appears on the List of Ineligible Suppliers under AID Regulation 8, "Suppliers of Commodities and Commodity-Related Services Ineligible for AID Financing" (22 CFR 208). The Grantee agrees to review said list prior to undertaking any procurement the cost of which is to be reimbursable under this grant. AID will provide the Grantee with this list.

(h) *Ocean and Air Transportation*

For requirements relating to transportation by ocean vessel of commodities purchased under this grant, see the Standard Provision entitled "Ocean Shipment of Goods." For requirements relating to transportation of commodities by air, see the Standard Provision entitled "Travel and Transportation."

10B. PROCUREMENT OF GOODS AND SERVICES OVER \$250,000

(This provision is applicable when the total procurement element, i.e., the sum of all purchase orders and contracts for goods and services, of this grant will be greater than \$250,000 over the life of the grant)

(a) *General.* Except as may be specifically approved or directed in advance by the Grant Officer, all goods (e.g., equipment, vehicles, materials, and supplies) and services which will be financed under this grant with United States dollars shall be procured in and shipped from the United States (Code 000) and from any other countries within the authorized geographic code specified in the Schedule of this grant.

(b) *Procurement of goods.* In order to be eligible under this grant, goods purchased under this grant

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must be of eligible source and origin, and must satisfy AID's componentry requirements set forth below. In addition, the supplier of commodities must meet the nationality requirements specified in paragraph (d)(1) of this provision.

(1) *Source.* Source means the country from which a commodity is shipped to the Cooperating Country or the Cooperating Country itself if the commodity is located therein at the time of purchase. However, where a commodity is shipped from a free port or bonded warehouse in the form in which received therein, source means the country from which the commodity was shipped to the free port or bonded warehouse.

(2) *Origin.* The origin of a commodity is the country or area in which a commodity is mined, grown, or produced. A commodity is produced when through manufacturing, processing, or substantial and major assembling of components, a commercially recognized new commodity results that is substantially different in basic characteristics, or in purpose or utility, from its components.

(3) *Componentry.* Components are the goods that go directly into the production of a produced commodity. AID componentry rules are as follows:

(i) If a commodity produced in an eligible source country contains no imported component, it is eligible for AID financing.

(ii) Unless otherwise specified by the Grant Officer, components from the United States, the Cooperating Country, and any other countries included in Geographic Code 941 may always be utilized in unlimited amounts regardless of the geographic code authorized.

(iii) Unless procurement is authorized from countries included in Code 899, components from free world countries not included in Code 941 are limited according to the following rules:

(A) They are limited only if they are acquired by the producer in the form in which they were imported.

(B) The total cost to the producer of such components (delivered at the point of production) may not exceed 50 percent of the lowest price (excluding the cost of ocean transportation and marine insurance) at which the supplier makes the commodity available for export sale (whether or not financed by AID).

(C) AID may prescribe percentages other than 50 percent for specific commodities.

(iv) Any component from a non-free world country makes the commodity ineligible for AID

(4) *Supplier Nationality.* (See paragraph (d) of this provision)

(c) *Eligibility of commodity-related services*

(1) *Incidental services.* Nationality rules are applied to the contractor supplying equipment under this grant and not separately to any contractor that may supply commodity-related incidental services. Such services, defined as the installation or erection of AID-financed equipment, or the training of personnel in the maintenance, operation, and use of such equipment, are eligible if specified in the equipment contract and performed by citizens of countries included in AID Geographic Code 935, or non-United States citizens lawfully admitted for permanent residence in the United States.

(2) *Ocean and air transportation*

(i) Except as otherwise approved in writing by the Grant Officer, AID will finance only those ocean transportation costs:

(A) Incurred on vessels under U.S. flag registry, when Geographic Code 000 is authorized for procurement of goods or services;

(B) Incurred on vessels under U.S. Cooperating Country, or other countries included in Geographic Code 941 flag registry, when Geographic Code 941 is authorized for procurement of goods or services; or

(C) Incurred on vessels under flag registry of any free world country, if the costs are part of the total cost on a through bill of lading paid to a carrier for initial carriage on a vessel which is authorized in accordance with paragraphs (c)(2)(i)(A) and (B), above.

(ii) Any ocean or air charter, covering full or part cargo, for the transportation of goods purchased under this grant must be approved by the AID Transportation Support Division, Office of Commodity Management, Washington, D.C. 20523, prior to shipment.

(iii) When use of non-U.S. flag vessels has been authorized, the following requirements still apply:

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

(B) At least 50% of the gross freight revenue generated by shipments of goods purchased under this grant and transported to the Cooperating Country on dry cargo liners shall be paid to or for the benefit of privately owned U.S. flag commercial

vessels to the extent such vessels are available at fair and reasonable rates for such vessels.

(iv) When U.S. flag vessels are not available, or their use would result in a significant delay, the Grantee may request a certificate of nonavailability from the AID Transportation Support Division, Office of Commodity Management, Washington, D.C. 20523, giving the basis for the request. Such a determination of nonavailability will relieve the Grantee of the requirement to use U.S. flag vessels for the tonnage of goods included in the determination.

(v) 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 Maritime Administration, Cargo Preference Control Center, Commerce Building, Washington, D.C. 20235, and that such bills of lading state all of the carrier's charges including the basis for calculation such as weight or cubic measurement."

(vi) For use of U.S. flag air carriers, see the Standard Provision, entitled "Travel and Transportation."

(3) *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 any State of the United States, then any AID-financed commodity shipped to that country shall be insured against marine risk and the insurance shall be placed in the United States with a company or companies authorized to do a marine insurance business in any State of the United States.

(d) *Nationality.* Except as specified in paragraph (c) above, in order to be eligible for AID financing under this grant, contractors, subcontractors, or suppliers must fit one of the following categories:

(1) *Suppliers of commodities.* A supplier providing goods must fit one of the following categories for the costs of such goods to be eligible for AID financing under this grant:

(i) An individual who is a citizen or legal resident of a country or area included in the authorized geographic code; or

(ii) A corporation or partnership organized under the laws of a country or area included in the authorized geographic code; or

(iii) A controlled foreign corporation; i.e., any foreign corporation of which more than 50 percent of the total combined voting power of all classes of stock is owned by the United States shareholders within the meaning of Section 957 et seq., of the Internal Revenue Code, 26 U.S.C. 957; or

(iv) A joint venture or unincorporated association consisting entirely of individuals, corporations, or partnerships which fit any of the foregoing categories.

(2) *Suppliers of services.* A contractor or subcontractor thereunder providing services under an AID-financed grant must fit one of the following categories for the costs of such contracts or subcontracts to be eligible for AID financing under this grant. (NOTE: the term contractor includes personal services contractors):

(i) An individual who is a citizen of and whose principal place of business is in a country included in the authorized geographic code or a non-U.S. citizen lawfully admitted for permanent residence in the United States whose principal place of business is in the United States; or

(ii) A corporation or partnership that is incorporated or legally organized under the laws of a country or area included in the authorized geographic code, has its principal place of business in a country or area included in the authorized geographic code, and meets the criteria set forth in either subparagraph (A) or (B), below:

(A) The corporation or partnership is more than 50% beneficially owned by individuals who are citizens of a country or area included in the authorized geographic code. In the case of corporations, "more than 50% beneficially owned" means that more than 50% of each class of stock is owned by such individuals; in the case of partnerships, "more than 50% beneficially owned" means that more than 50% of each category of partnership interest (e.g., general, limited) is owned by such individuals. (With respect to stock or interests held by companies, funds or institutions, the ultimate beneficial ownership by individuals is controlling.)

(B) The corporation or partnership:

(1) has been incorporated or legally organized in the United States for more than three years prior to the issuance date of the invitation for bids or request for proposals, and

(2) has performed within the United States administrative and technical, professional or construction services under a contract or contracts

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for services and derived revenue therefrom in each of the three years prior to the date described in the preceding paragraph, and

(3) employs United States citizens in more than half its permanent full-time positions in the United States, and

(4) has the existing capability in the United States to perform the contract; or

(iii) A joint venture or unincorporated association consisting entirely of individuals, corporations, or partnerships which fit categories (d)(2)(i) and (d)(2)(ii) above. However, joint ventures with firms wholly or partially owned by the host government are ineligible.

(iv) A duly authorized officer of the firm shall certify that the participating firm meets either the requirements or subparagraphs (d)(ii)(A) or (d)(ii)(B) above. In the case of corporations, the certifying officer shall be the corporate secretary. With respect to the requirements of subparagraph (d)(ii)(A), of this provision, the certifying officer may presume citizenship on the basis of the stockholder's record address, provided the certifying officer certifies, regarding any stockholder (including any corporate funds or institutional stockholder) whose holdings are material to the corporation's eligibility, that the certifying officer knows of no fact which might rebut that presumption.

(3) *Ineligible suppliers of commodities and services.* Citizens or firms of any country not included in AID Geographic Code 935 are ineligible as suppliers, contractors, subcontractors, or agents, for goods and services the costs of which will be reimbursed under this grant. However, non-U.S. citizens lawfully admitted for permanent residence in the United States are eligible.

(e) *Nationality of employees under contracts and subcontracts for services.* The nationality policy of subparagraph (d)(2) of this provision does not apply to the employees of contractors or subcontractors whose services will be reimbursed under this grant, but all contractor and subcontractor employees engaged in providing services under AID-financed grants must be citizens of countries included in AID Geographic Code 935 or non-U.S. citizens lawfully admitted for permanent residence in the United States.

(f) *The Cooperating Country as a source.* With certain exceptions, the Cooperating Country is not normally an eligible source for procurement to be paid in U.S. dollars. The exceptions are for ocean freight and marine insurance (see paragraphs (c)(1) and (c)(2) of this provision). The Cooperating Country may be an eligible source if local cost financing is

approved either by specific action of the Grant Officer or in the Schedule of the grant. In such cases, the Standard Provision entitled "Local Cost Financing with U.S. Dollars," will apply.

(g) *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.

If AID determines that the Grantee has procured any of the ineligible goods and services specified above under this grant, and has received reimbursement for such purpose, the Grantee agrees to refund to AID the entire amount of the reimbursement.

(h) *Restricted goods.* The Grantee shall not procure any of the following goods or services without the prior written authorization of the Grant Officer:

- (1) agricultural commodities,
- (2) motor vehicles,
- (3) pharmaceuticals,
- (4) pesticides,
- (5) rubber compounding chemicals and plasticizers,
- (6) used equipment,
- (7) U.S. Government-owned excess property, or
- (8) fertilizer.

If AID determines that the Grantee has procured any of the restricted goods specified above under this grant, without the prior written authorization of the Grant Officer, and has received reimbursement for such purpose, the Grantee agrees to refund to AID the entire amount of the reimbursement.

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

- (1) Code 000, United States,
- (2) the Cooperating Country,
- (3) Code 941, Selected Free World,
- (4) Code 899, Free World.

(j) *Ineligible suppliers:* Funds provided under this grant shall not be used to procure any commodity or

commodity-related services furnished by any supplier whose name appears on the List of Ineligible Suppliers under AID Regulation 8, "Suppliers of Commodities and Commodity-Related Services Ineligible for AID Financing (22 CFR 208). The Grantee agrees to review said list prior to undertaking any procurement the cost of which is to be reimbursable under this grant. AID will provide the Grantee with this list.

(k) *The Grantee's procurement system.* The Grantee may use its own procurement policies and procedures provided they conform to the geographic source and nationality requirements of this provision and the standards set forth in paragraph 1U of AID Handbook 13, "Grants".

11. LOCAL COST FINANCING WITH U.S. DOLLARS

(This provision is applicable whenever local cost financing has been specifically authorized in the Schedule of this grant regardless of dollar amount)

(a) Local cost financing is the use of U.S. dollars to obtain local currency for the procurement of goods and services in the Cooperating Country in furtherance of the purpose of the grant. Local cost financing must be specifically authorized in the Schedule of the grant. The amount of U.S. dollars which may be used must be specified in the authorization, together with any special restrictions on their use.

(b) Procurement of goods and services under local cost financing is subject to the following restrictions:

(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.

If AID determines that the Grantee has procured any of the ineligible goods and services specified above under this grant, and has received reimbursement for such purpose, the Grantee agrees to refund to AID the entire amount of the reimbursement.

(2) *Restricted goods*

The Grantee shall not procure any of the following goods or services without the prior written authorization of the Grant Officer:

- (i) agricultural commodities,
- (ii) motor vehicles,
- (iii) pharmaceuticals,

- (iv) pesticides,
- (v) rubber compounding chemicals and plasticizers,
- (vi) used equipment,
- (vii) U.S. Government-owned excess property, or
- (viii) fertilizer.

If AID determines that the Grantee has procured any of the restricted goods specified above under this grant, without the prior written authorization of the Grant Officer, and has received reimbursement for such purpose, the Grantee agrees to refund to AID the entire amount of the reimbursement.

(3) Any component from a non-free world country makes a commodity ineligible for AID financing.

(4) *Nationality*

(i) Citizens or firms of any country not included in AID Geographic Code 935 are ineligible as suppliers, contractors, subcontractors, or agents for goods and services the costs of which will be reimbursed under this grant.

(ii) Local cost financing is the use of appropriated U.S. dollars to obtain local currency for the payment for goods and services purchased in the Cooperating Country. Authorization of local cost financing makes the Cooperating Country, in addition to the United States and any other country included in the authorized geographic code for the project, an eligible source for the purchase of goods or services in the Cooperating Country. Goods or services purchased under local cost financing must be located in the Cooperating Country at the time they are purchased; they cannot be imported specifically for the project being implemented by this grant. The supplier from which goods or services are purchased under local cost financing must also be in the Cooperating Country. Suppliers of goods or services under local cost financing must meet the nationality eligibility tests prescribed in paragraph (d) of the provision of this grant entitled "Procurement of Goods and Services over \$250,000." When local cost financing has been authorized, the Cooperating Country is deemed to be included in the "authorized geographic code" for purposes of determining nationality eligibility pursuant to paragraph (d) of the provision, entitled "Procurement of Goods and Services over \$250,000."

(c) *General principles.* Under local cost financing, the Grantee shall follow sound procurement policies, utilizing competition to the maximum practical extent, obtaining the lowest available price, and documenting such procurements to justify the method used and the price established.

(d) *Procurement of goods.* In order to be eligible under local cost financing, goods are subject to the following specific requirements:

(1) *Indigenous goods.* Goods which have been mined, grown, or produced in the Cooperating Country through manufacture, processing, or assembly are eligible for local cost financing under this grant. Goods produced with imported components must result in a commercially recognized new commodity that is substantially different in basic characteristics or in purpose or utility from its components in order to qualify as indigenous; such goods may not contain components from any nonfree world country.

(2) *Imported shelf items.* Imported shelf items are goods that are normally imported and kept in stock, in the form in which imported, for sale to meet a general demand in the country for the item; they are not goods which have been specifically imported for use in an AID-financed project.

(i) Shelf items are eligible for local cost financing in unlimited quantities up to the total amount available for local cost financing if they have their source in the Cooperating Country and their origin in a country included in AID Geographic Code 941.

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

(3) *Goods imported specifically for the project.* Goods imported specifically for the project being implemented by this grant are not eligible for local cost financing; they are subject to the requirements of the provision entitled "Procurement of Goods and Services over \$250,000."

12. GOVERNMENT FURNISHED EXCESS PERSONAL PROPERTY

(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.

13A. TITLE TO AND USE OF PROPERTY (GRANTEE TITLE)

(This provision is applicable when the Government vests title in the Grantee only)

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

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

(b) The Grantee agrees to use and maintain the property for the purpose of the grant in accordance with the requirements of paragraph 1T of Chapter 1, Handbook 13.

(c) With respect to nonexpendable property having an acquisition cost of \$1,000 or more, title to which vests in the Grantee, the Grantee agrees:

(1) To report such items to the Grant Officer from time to time as they are acquired and to maintain a control system which will permit their ready identification and location.

(2) To transfer title to any such items to the Government in accordance with any written request therefore issued by the Grant Officer at any time prior to final payment under this grant.

13B. TITLE TO AND CARE OF PROPERTY (U.S. GOVERNMENT TITLE)

(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 personalty by reason of affixation to any realty.

(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*

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.

The Grantee shall submit, for review and written approval of the Grant Officer, a records systems 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 (see paragraph 1T of Chapter 1 Handbook 13), the Grantee shall furnish the Grant Officer proof of such approval in lieu of another approval submission.

(1) *Property Control*

The property control system shall include but not be limited to the following:

(A) 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."

(B) The price of each item of property acquired or furnished under the grant.

(C) The location of each item of property acquired or furnished under the grant.

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

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

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

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

(2) *Maintenance Program*

The Grantee's maintenance program shall be such as to provide for, consistent with sound business practice and the terms of the Grant:

(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..

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

(d) *Risk of Loss*

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

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

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

(A) to maintain and administer, in accordance with sound business practice, the program for maintenance, repair, protection, and preservation of Government property as required by (i) above or (B) to take all reasonable steps to comply with any appropriate written directions of the Grant Officer under (c) above;

(iii) For which the Grantee is otherwise responsible under the express terms of the article or articles 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 ex-

tent of insurance actually procured and maintained, whichever is greater; or

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

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

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

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

(i) The lost, destroyed, and 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.

The Grantee shall make repairs and renovations of the damaged Government property or take such other action as the Grant Officer directs.

(4) 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 suit and the execution of instruments of 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 disposal 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.

13C. TITLE TO AND CARE OF PROPERTY (COOPERATING COUNTRY TITLE)

(This provision is applicable to property titled in the name of the Cooperating Country or such public or private agency as the cooperating 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 reimbursed to the Grantee by AID or by the Cooperating Government, shall at all times be in the name of the Cooperating Government 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, of Handbook 13.

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(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 his/her custody, title to which is in the Cooperating Government or public or private agency designated by the Cooperating Government, which have not been consumed in the performance of this grant. The Grantee shall also indicate what disposition has been made of such property.

14. CONVERSION OF UNITED STATES DOLLARS TO LOCAL CURRENCY

Upon arrival in the Cooperating Country, and from time to time as appropriate, the Grantee's Chief of Party shall consult with the Mission Director who shall provide, in writing, the procedure the Grantee and its employees shall follow in the conversion of United States dollars to local currency. This may include, but is not limited to, the conversion of said currency through the cognizant United States Disbursing Officer or Mission Controller, as appropriate.

15. TERMINATION

(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) *Termination Procedures.* Upon receipt of and in accordance with a termination notice as specified in either paragraph (a) or (b) above, the Grantee shall forthwith take immediate action to minimize all expenditures and obligations financed by this grant, and shall cancel such unliquidated obligations whenever possible. Except as provided below, no further reimbursement shall be made after the effective date of termination, and the Grantee shall within 30 calendar days after the effective date of such termination repay to the Government all unexpended portions of funds theretofore paid by the Government to the Grantee 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 effective date of the termination of this grant, be insufficient to cover the Grantee's obligations pursuant to the aforementioned 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, and, subject to the limitations contained in this grant, the Grant Officer shall determine the amount or amounts to be paid by the Government to the Grantee under such claim in accordance with the applicable Federal cost principles.

16. VOLUNTARY PARTICIPATION

(This provision is applicable to all grants involving any aspect of family planning or population assistance activities, and all Title X grants in particular)

(a) 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 individuals' 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.

(b) The Grantee shall insert paragraphs (a) and (b) of this provision in all subgrants, subcontracts, purchase orders, and any other subordinate agreements hereunder.

17. PROHIBITION ON ABORTION-RELATED ACTIVITIES

(This provision is applicable to all grants involving any aspect of family planning or population assistance activities, and all Title X grants in particular)

(a) No funds made available under this grant will be used to finance, support, or be attributed to the following activities: (1) procurement or distribution of equipment intended to be used for the purpose of inducing abortions as a method of family planning; (2) special fees or incentives to women to coerce or motivate them to have abortions; (3) payments to persons to perform abortions or to solicit persons to undergo abortions; (4) information, education, training, or communication programs that seek to promote abortion as a method of family planning.

(b) The Grantee shall insert paragraphs (a) and (b) of this provision in all subgrants, subcontracts, pur-

chase orders, and any other subordinate agreements hereunder.

18. VOLUNTARY PARTICIPATION REQUIREMENTS FOR STERILIZATION PROGRAMS

(This provision is applicable when any surgical sterilization will be supported in whole or in part from funds under this grant)

(a) 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.

(b) The Grantee shall insure that any surgical sterilization procedures supported in whole or in part by funds from this grant are performed only after the individual has voluntarily presented himself or herself at the treatment facility and has given his or her informed consent to the sterilization procedure. Informed consent means the voluntary, knowing assent from the individual after he or she has been 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 his or her 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.

(c) Further, the Grantee shall document the patient's informed consent by (1) 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 (2) 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.

(d) Copies of informed consent forms and certification documents for each voluntary sterilization

(VS) procedure must be retained by the Grantee for a period of three years after performance of the sterilization procedure.

(e) The Grantee shall insert paragraphs (a), (b), (c), (d) and (e) of this provision in all subgrants, subcontracts, purchase orders, and any other subordinate agreements hereunder involving the performance of any sterilization which will be supported in whole or in part from funds under this grant.

19. PUBLICATIONS

(This provision is applicable to any grant which produces any book, publication, or other copyrightable materials)

(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 Project Manager with one copy of all published works developed under the grant. The Grantee shall provide the Project Manager with lists of other written work produced under the grant.

(c) In the event grant funds are used to underwrite the cost of publishing, in lieu of the publisher assuming this cost as is the normal practice, any profits or royalties up to the amount of such cost shall be credited to the grant.

(d) The Grantee is permitted to secure copyright to any publication produced or composed under the grant in accordance with paragraph 1T8.b. of Chapter 1, Handbook 13. Provided, the Grantee agrees to and does hereby grant to the Government a royalty-free, nonexclusive, and irrevocable license throughout the world to use, duplicate, disclose, or dispose of such publications in any manner and for any purpose and to permit others to do so.

20. PATENTS

(This provision is applicable to any grant which produces patentable items, patent rights, processes, or inventions)

(a) Grantee agrees to notify the Grant Officer, in writing, of any invention or discovery conceived or first actually reduced to practice in the course of or under this grant. The Grant Officer will determine the patent rights to be afforded the Grantee in accordance with the Presidential Memorandum and Statement of Government Patent Policy (36 FR 16889) and paragraph 1T8.a. of Chapter 1, Handbook 13.

(b) Nothing contained in this provision shall imply a license to the Government under any patent or be construed as affecting the scope of any license or

other right otherwise granted to the Government under any patent.

21. REGULATIONS GOVERNING EMPLOYEES OUTSIDE THE UNITED STATES

(This provision is applicable only to the Grantee's U.S. and third country national employees; it is not applicable to the Grantee's Cooperating Country national employees)

(a) The Grantee's employees, when employed in work overseas, shall maintain private status and may not rely on local U.S. Government Offices or facilities for support while so engaged.

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

(c) Other than work to be performed under this grant for which an employee or consultant is assigned by the Grantee, no regular or short term employee or consultant of the Grantee shall engage directly or indirectly, either in his/her 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 he/she is assigned, nor shall he/she make loans or investments to or in any business, profession or occupation in the foreign countries to which he/she 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 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 right 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.

22. SUBORDINATE AGREEMENTS

(a) The placement of subordinate agreements (i.e., grants or contracts) with other organizations, firms or institutions, and the provisions of such subordinate agreements are subject to prior written consent of the Grant Officer unless such subordinate agreements were identified in the approved Financial Plan, in accordance with paragraph (b)(7) of the Standard Provision of this grant entitled "Revision of Financial Plans."

(b) The use of the Standard Provisions of this grant is mandatory for subgrants to U.S. institutions. For subgrants to foreign institutions the Grantee shall use the Standard Provisions set forth in Appendix 4D of Handbook 13.

(c) Contracts awarded with funds provided by the grant shall be undertaken in accordance with the requirements of the Standard Provision of this grant entitled "Procurement of Goods and Services over \$250,000" or "Procurement of Goods and Services under \$250,000" (whichever is applicable), and paragraph 1U3 of Handbook 13. Contracts awarded with funds provided by this grant to U.S. organizations shall set forth the provisions of paragraph 1U4 of Handbook 13. Paragraph 1U4 does not apply to foreign organizations.

23. SALARIES

All salaries, wages, fees, and stipends, which will be reimbursable by AID under this grant, shall be in accordance with both the Grantee's usual policy and practice and the applicable cost principles. To the extent that the Grantee's policy and practice conflict with the applicable cost principles, the latter shall prevail.

24. INELIGIBLE COUNTRIES

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

25. DISPUTES

(a) Any dispute arising under this grant, which is not disposed of by agreement, shall be decided by the AID Grant Officer who shall reduce his/her decision to writing and mail or otherwise furnish a copy thereof to the Grantee.

(b) Decisions of the AID Grant Officer shall be final and conclusive unless, within 30 days of receipt

of the decision of the Grant Officer, the Grantee appeals the decision to the Administrator, AID. Any appeal made under this provision shall be in writing and addressed to the Administrator, Agency for International Development, Washington, D.C. 20523; a copy of any such appeal shall be concurrently furnished to the Grant Officer.

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

(d) A decision under this provision by the Administrator or his duly authorized representative shall be final and conclusive, unless determined by a court of competent jurisdiction to be fraudulent, capricious, arbitrary, an abuse of discretion, or based on clearly erroneous findings of facts or conclusions of law.

26. PARTICIPANT TRAINING

(This provision is applicable if AID funds provided hereunder will be used to finance participant training)

(a) Definitions

(1) Participant training is the training of any foreign national outside of his or her home country, using AID funds.

(2) A participant is any foreign national being trained under this grant outside of his or her home country.

(b) Applicable regulations

Participant training is to be conducted according to the policies established in AID Handbook 10—Participant Training, except to the extent that specific exceptions to AID Handbook 10 have been provided in this grant (Handbook 10 may be obtained by submitting a request to the Office of International Training, at the address specified in paragraph (c) below).

(c) Reporting requirement

Once each month the Grantee shall submit three copies of Form AID 1380-9, "Monthly Report of Participants Under Grant, Loan, or Contract Programs," to the Office of International Training, Bureau for Science and Technology (S&T/IT), AID/Washington, D.C. 20523.

27. HEALTH AND ACCIDENT COVERAGE FOR AID PARTICIPANT TRAINEES

(This provision is applicable if AID funds provided hereunder will be used to finance the training of non-U.S. participants in the United States)

(a) The Grantee shall enroll all non-U.S. participants (hereinafter referred to as "participants"), whose training in the United States is financed by AID under this grant, in the Agency for International Development's Health and Accident Coverage (HAC) program.

(b) The Grantee shall, prior to the initiation of travel by each participant financed by AID under this grant, fill out and mail to AID a self-addressed, postage prepaid, HAC Program Participant Enrollment Card (form AID 1380-98). The Grantee can obtain a supply of these cards and instructions for completing them from the Office of International Training, AID/Washington, D.C. 20523.

(c) The Grantee shall assure that enrollment shall begin immediately upon the participant's departure for the United States for the purpose of participating in a training program financed by AID and that enrollment shall continue in full force and effect until the participant returns to his/her country of origin, or is released from AID's responsibility, whichever is the sooner. The Grantee shall continue enrollment coverage for participants whose departure is delayed due to medical or other compelling reasons, with the written concurrence of the AID Project Manager and subject to the requirements of paragraph (d).

(d) The Grantee shall submit the HAC Program Participant Enrollment Card to AID, as specified in paragraph (b), above, to enable the participant(s), or the provider of medical services, to submit bills for medical costs resulting from illness or accident to the HAC Administrator, Trust Fund Administrators, Inc., 1030 15th Street, NW, Suite 500, Washington, D.C. 20005. The HAC Administrator, not the Grantee, shall be responsible for paying all reasonable and necessary medical charges, not otherwise covered by student health service or other insurance programs (see paragraphs (e) and (f)), subject to the availability of funds for such purposes, in accordance with the standards of coverage established by AID under the HAC program, and subject to the payment of the fee specified in paragraph (d) (1), below.

(1) Within thirty (30) days after enrollment, the Grantee shall send an enrollment fee computed on the basis of the fixed rate per participant per month* (the minimum period for calculation of fee is one month—that is, one participant month, 30 days, not one calendar month—premiums may not be prorated for fractional periods of less than 30 days), to: Agency for International Development, Office of

*The rate is \$25.00 per participant-month for Fiscal Year 1982.

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Financial Management, Program Accounting Division, Nonproject Assistance, Washington, D.C. 20523.

The enrollment fee should cover a minimum period of up to one year or the current training period for which funds are obligated under this grant, whichever is less. As applicable, payments for additional periods of enrollment shall be made 30 days prior to the beginning of each new enrollment period or new period of funding of this grant (the monthly enrollment fee for succeeding fiscal years may be obtained by calling the AID Office of International Training). All such fee payments shall be made by check, payable to the "Agency for International Development (HAC)." If payments are not made within 30 days, a late payment charge shall apply at a percentage rate based on the current value of funds to the Treasury for each 30-day period; the full charge shall also be applicable to periods of less than 30 days. The percentage rate will be calculated by the Treasury as an average of the current value of funds to the Treasury for a recent three-month period and will be transmitted to AID in TFRM Bulletins.

The late payment charge shall be applied to any portion of the fees in arrears and be remitted together with the fees as a separately identified item on the covering memorandum.

(2) Whenever possible, fee payments for groups of several participants entering the HAC Program within the 30-day reporting period shall be consolidated and covered by a single check. Participants covered by the fee payment shall be listed individually in the covering letter, identifying each participant (the name reported must be identical to that on the HAC enrollment card), showing period of enrollment (or period of coverage for which payment is remitted if this is different from the enrollment period), fee amount paid, grant number, and U.S. Government appropriation number (as shown under the "Fiscal Data" section of the grant cover letter.)

(e) The Grantee, to the extent that it is an educational institution with a student health service program, shall also enroll all participants in their institution's student health service program. Medical costs which are covered under the institution's student health service shall not be eligible for payment under AID's HAC program. The Grantee shall provide the HAC Administrator with a copy of information showing what medical costs are covered by the institution's student health service program; medical costs that are not covered by the institution's student health service program shall be submitted to the HAC Administrator.

(f) If the Grantee has a mandatory, nonwaivable health and accident insurance program for students, 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. 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 more comprehensive HAC program, and HAC payments MUST be made to AID as provided above. In addition, a copy of the mandatory insurance policy must be forwarded to the HAC Administrator.

(g) Any payments for medical costs not covered by the Grantee's student health service program, or mandatory, nonwaivable health and accident insurance program, or AID's HAC program shall be reimbursable under this grant only with specific written approval of the Grant Officer and subject to the availability of funds.

(h) The HAC Administrator, for the period February 1, 1980 through January 31, 1983, is:

Trust Fund Administrators, Inc.
1030 15th Street, NW, Suite 500
Washington, D.C. 20005.

28. USE OF POUCH FACILITIES

(a) Use of diplomatic pouch is controlled by the Department of State. The Department of State has authorized the use of pouch facilities for AID Grantees and their employees as a general policy, as detailed in items (1) through (7) below; however, the final decision regarding use of pouch facilities rests with the Embassy or AID Mission. In consideration of the use of pouch facilities as hereinafter stated, the Grantee and its employees agree to indemnify and hold harmless the Department of State and AID for loss or damage occurring in pouch transmission.

(1) Grantees and their employees are authorized use of the pouch for transmission and receipt of up to a maximum of two pounds per shipment of correspondence and documents needed in the administration of assistance programs.

(2) U.S. citizen employees are authorized use of the pouch for personal mail up to a maximum of one pound per shipment (but see (a)(3) below).

(3) Merchandise, parcels, magazines, or newspapers, are not considered to be personal mail for purposes of this clause, and are not authorized to be sent or received by pouch.

(4) Official mail pursuant to (a)(1) above, sent by pouch should be addressed as follows:

Name of individual or organization
(followed by letter symbol "C")
Name of post (USAID/_____)
Agency for International Development
Washington, D.C. 20523

(5) Personal mail pursuant to (a)(2) above should be to the address specified in (a)(4) above, but without the name of the organization.

(6) Mail sent via the diplomatic pouch may not be in violation of U.S. Postal laws and may not contain material ineligible for pouch transmission.

(7) AID Grantee personnel are *not* authorized use of military postal facilities (APO/FPO). This is an Adjutant General's decision based on existing laws and regulations governing military postal facilities and is being enforced worldwide. Posts having access to APO/FPO facilities and using such for diplomatic pouch dispatch may, however, accept official mail from Grantees and letter mail from their employees for the pouch, provided of course, adequate postage is affixed.

(b) The Grantee shall be responsible for advising its employees of this authorization and these guidelines and limitations on use of pouch facilities.

(c) Specific additional guidance on Grantee use of pouch facilities in accordance with this clause is available from the Post Communication Center at the Embassy or AID Mission.

29. U.S. OFFICIALS NOT TO BENEFIT

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.

30. COVENANT AGAINST CONTINGENT FEES

The Grantee warrants that no person or selling agency has been employed or retained to solicit or secure this grant upon an agreement or understanding for a commission, percentage, brokerage, or con-

tingent fee except bona fide employees or bona fide established commercial or selling agencies maintained by the Grantee for the purpose of securing business. For breach or violation of this warranty, AID shall have the right to cancel this grant without liability or, in its discretion, to deduct from the grant amount, or otherwise recover, the full amount of each commission, percentage, brokerage, or contingent fee.

31. NONLIABILITY

AID does not assume liability with respect to any third party claims for damages arising out of work supported by this Grant.

32. AMENDMENT

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.

33. THE GRANT

The letter to the Grantee signed by the Grant Officer, the Schedule, the Program Description and the Standard Provisions which have been reviewed and agreed to by the Grantee, constitute the grant.

34. NOTICES

Any notice given by any of the parties hereunder, shall be sufficient only if in writing and delivered in person or sent by telegraph, cable, registered or regular mail 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 as either or such parties shall designate by notice given as herein required. Notices hereunder shall be effective when delivered in accordance with this provision, or on the effective date of the notice, whichever is later.

FOOTNOTE: When the Standard Provisions are used for Cooperative Agreements, the following terms apply:

"Grantee" means "Recipient,"

"Grant" means "Cooperative Agreement,"

"AID Grant Officer" means "AID Agreement Officer,"

"Subgrant" means "Subcooperative Agreement," and

"Subgrantee" means "Subrecipient."

**PATENT RIGHTS (Small Business Firms and
Nonprofit Organizations) (March 1982)
(OMB Circular A-124)**

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 grantee conceived or first actually reduced to practice in the performance of work under this grant.

(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 as defined at Section 2 of Public Law 85-536 (15 U.S.C. 632) and implementing regulations of the Administrator of the Small Business Administration. For the purpose of this provision, 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, will be used.

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

b. Allocation of Principal Rights

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

have practiced for or on behalf of the United States the subject invention throughout the world. This license will include the right of the Agency for International Development (AID), with respect to any existing or future international agreement entered into under the Foreign Assistance Act of 1961, as amended, to sublicense any foreign government or public international organization in accordance with the terms of any such international agreement.

c. Invention Disclosure, Election of Title and Filing of Patent Applications by Grantee

(1) The grantee will disclose each subject invention to AID within two months after the inventor discloses it in writing to grantee personnel responsible for patent matters. The disclosure to AID shall be in the form of a written report and shall identify the grant 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, operations, 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 grantee will 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 grantee.

(2) The grantee will elect in writing whether or not to retain title to any such invention by notifying AID within twelve months of disclosure to the grantee; 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 for 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 grantee will 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 grantee will 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

(1) The grantee will convey to AID, upon written request, title to any subject invention:

(i) If the grantee fails to disclose or elect the subject invention within the times specified in paragraph c. of this provision, or elects not to retain title.

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

(iii) In any country in which the grantee 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 Grantee

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

(2) The grantee's domestic license may be revoked or modified by AID to the extent necessary to achieve expeditious practical application of the subject invention pursuant to an application for an exclusive license submitted in accordance with applicable provisions in the Federal Property Management Regulations. This license will not be revoked in that field of use or the geographical areas in which the grantee 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 grantee, its licensees, or its domestic subsidiaries or affiliates have failed to achieve practical application in that foreign country.

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

f. Grantee Action to Protect the Government's Interest

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

(2) The grantee agrees to require, by written agreement, its employees, other than clerical and non-technical employees, to disclose promptly in writing to personnel identified as responsible for the administration of patent matters and in a format suggested by the grantee each subject invention made under grant in order that the grantee can comply with the disclosure provisions of paragraph c. of this provision, 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) of this provision. The grantee 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 grantee will 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 thirty days before the expiration of the response period required by the relevant patent office.

(4) The grantee 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 grant) awarded by AID. The Government has certain rights in this invention."

g. Subcontracts and Subgrants

(1) The grantee will include this provision suitably modified to identify the parties, in all subcontracts and subgrants, regardless of tier, for experimental developmental or research work to be performed by a small business firm or nonprofit organization. The subcontractor or subgrantee will retain all rights provided for the grantee in this provision, and the grantee will not, as part of the consideration for awarding the subcontract or subgrant, obtain rights in the subcontractor's or subgrantee's subject inventions.

(2) With respect to any subcontract or subgrant with a profit making organization, regardless of tier, the clause specified in Sec. 1-9.1 of the Federal Procurement Regulations (41 CFR 1-9.1) shall be used for such subcontracts, and the provision specified in Appendix 4C, provision 28, Patents, of AID Handbook 13 shall be used for such subgrants. With respect to any subcontract or subgrant with any small business firm or nonprofit organization, regardless of tier, this provision's requirements shall apply.

(3) In the case of subcontracts or subgrants, at any tier, when the prime award with AID was a grant (but not a contract), AID, subcontractor or subgrantee, and the grantee agree that the mutual obligations of the parties created by this provision constitute a contract between the subcontractor or subgrantee and AID with respect to those matters covered by this provision.

h. Reporting on Utilization of Subject Inventions

The grantee 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 grantee 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 grantee, and such other data and information as AID may reasonably specify. The grantee also agrees to provide additional reports as may be requested by AID in connection with any march-in proceeding 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 grantee, its licensee or assignee to be privileged and confidential and is so marked, AID agrees that, to the extent permitted by 35 USC 202(c)(5), it will not disclose such information to persons outside the Government.

i. Preference for United States Industry

Notwithstanding any other provision of this provision, the grantee 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 or produced through the use of the subject invention will 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 grantee or its assignee that reasonable but unsuccessful efforts have been made to grant licenses on similar terms to potential licensees that would be likely to manufacture substantially in the United States or that under the circumstances domestic manufacture is not commercially feasible.

j. March-in Rights

The grantee agrees that with respect to any subject invention in which it has acquired title, AID has the right in accordance with the procedures in OMB Circular A-124 and Appendix 4C, provision 28, Patents, Handbook 13 to require the grantee, 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 grantee assignee, or exclusive licensee refuses such a request, AID has the right to grant such a license itself if AID determines that:

(1) Such action is necessary because the grantee 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 grantee, 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 grantee, assignees, or licensees; or

(4) Such action is necessary because the agreement required by paragraph i of this provision has not been obtained or waived or because a licensee 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 Grants with Non-profit Organizations

If the grantee is a non-profit organization, it agrees that:

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

(2) The grantee may not grant exclusive licenses under 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:

(1) 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 will 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 will not be deemed to end the exclusive period to different subsequent products covered by the invention.

(3) The grantee will share royalties collected on subject invention with the inventor; and

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

1. Communications

Communications concerning this provision shall be addressed to the AID Grant Officer at the address shown on the face of this grant.

Payment - Letter of Credit (AUGUST 1984)

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

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

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

(c) Reporting:

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

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

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

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