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U.S. Agency for International Development, Washington, DC 20523-1427

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MAR 14 1996

International Centre For Diarrhoeal Disease Research, Bangladesh
Centre for Health and Population Research
Attn: Dr. Demisse Habte
G.P.O. Box 128
Dhaka 1000, Bangladesh

APR 17 1996

Subject: Cooperative Agreement No. DPE-5986-A-00-1009-00
Amendment #14, Endowment

Dear Dr. Habte:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, Section 534 of the Foreign Operations, Export Financing and Related Programs Appropriations Act, 1995, and the Federal Grant and Cooperative Agreement Act of 1977 (P.L. 95-224), the United States Agency for International Development (hereinafter referred to as "USAID" or "Grantor") hereby grants to International Centre for Diarrhoeal Disease Research, Bangladesh, (hereby referred to as "ICDDR,B" or "Recipient") the sum of One Million U.S. Dollars (\$1,000,000) under the Diarrheal and Respiratory Disease Research and Coordination (DRDRC) Project. The objective of this Cooperative Agreement amendment is to provide an endowment for ICDDR/B to use as described in Attachment 1, the Schedule, Attachment 2, Program Description, and Attachment 3, Standard Provisions. This amount is the total USAID contribution under this Agreement.

This amendment is effective as of the date of this letter. The total estimated amount of the Cooperative Agreement is reduced by \$205,965, to \$8,286,740. This amount matches all funds obligated into the Cooperative Agreement since April 28, 1991. ICDDR/B is authorized to advance any remaining available funds from Financial Management in order to provide the Fund Asset Manager the \$1 million. The attachments to this amendment replace any attachments in prior modifications, including the basic award document. Those prior attachments, program description, schedule, and standard provisions are valid through December 31, 1995.

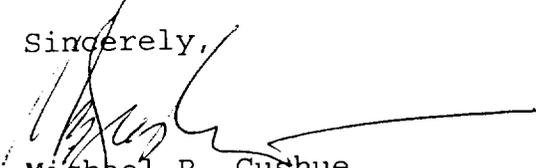
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The Agreement Officer requires written confirmation from the Fund Asset Manager that \$1 million has been transferred within 45 days of the date of this amendment.

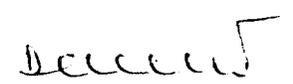
This Agreement is executed with the Recipient on the condition that the funds will be administered in accordance with the terms and conditions set forth in Attachment 1, entitled "Schedule"; Attachment 2, entitled "Program Description"; and Attachment 3, entitled "Standard Provisions" which have been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

Please sign the original and five (5) copies of this letter to acknowledge your receipt of this Cooperative Agreement and return the original and four (4) copies to USAID/AIDW.

Sincerely,


Michael B. Gushue
Agreement Officer
M/OP/A/HRN
Office of Procurement

ACKNOWLEDGED AND ACCEPTED BY:



Dr. Demissie Habte, Director
ICDDR/B

Date: March 31st, 1996

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions
4. Recipient Certifications

Fiscal Data:

Project No.: 936-5986
PIO/T No.: 936-5986-5692130, A2
Appropriation: 725/61021.1
Budget Plan Code: DDV5-95-16900-KG11; 561-36-099-00-20-51
Funding Source: USAID/G/PHN/HN
Total Obligated Amount: \$ 1,000,000
Project Office: G/PHN/HN/CS, Caryn Miller

Project No.: 936-5986
PIO/T No.: 936-5986-5692130, A3
Appropriation: 725/61021.1
Budget Plan Code: DDV5-95-16900-KG11; 561-36-099-00-20-51
Funding Source: USAID/G/PHN/HN
Total Obligated Amount: \$0
Project Office: G/PHN/HN/CS, Caryn Miller

SCHEDULE

A. Purpose of the Agreement and Effective Date

1. The Grant made by this Agreement will endow a capital fund to be invested in the United States for the benefit of the Recipient. Income generated by the Endowment shall be used by the Recipient to finance the activities described in the Program Description (Attachment 2).

2. This Agreement is effective on the date of signature of the accompanying Grant letter by both The United States Agency for International Development (USAID) and the Recipient (together the "Parties").

B. Amount and Disbursement of Grant

1. The total estimated amount of the Grant is \$8,286,740, of which \$1,000,000 is specifically for an Endowment.

<u>Line Item</u>	<u>Amount</u>
Old Diarrhoeal Disease Research Program	\$7,286,740
Endowment	<u>\$1,000,000</u>
Total	\$8,286,740

2. USAID obligated the amount of \$1,000,000 (the "Grant") to create a capital fund as an endowment for the benefit of the Recipient. After disbursement, the Grant and all earnings thereon are termed the "Endowment." Subject to the availability of funds, additional funds may be obligated for the Endowment by amendment of this Agreement.

C. Disbursement, Oversight, and Post-Oversight Periods

1. Disbursement Period. The period for disbursement of the Grant to the Recipient, after the Recipient has met the Conditions Precedent set forth in Section E, shall be within one (1) year of the effective date of this Agreement, unless USAID agrees to extend the disbursement period in writing.

2. Oversight Period. The period of USAID oversight is six (6) years from the effective date of this Agreement. During the oversight period, USAID will monitor Recipient's management of the Endowment and implementation of its program which is funded, in whole or in part, by the Endowment.

3. Post-Oversight Period. The period of post-oversight begins after the oversight period, and extends indefinitely. During this period, USAID will not monitor the Recipient's management of the Endowment nor implementation of its program, but USAID will retain certain residual refund and termination rights, as stated in this Agreement.

D. Investment and Expenditure of the Endowment

The entire sum of the Grant and any earnings and income thereon ("the Endowment") shall be invested in financial instruments offered in the United States market, except as such funds may be periodically expended to or for the benefit of the Recipient in accordance with the Program Description. Control of the Endowment and permissible uses of distributions shall be as set forth in the Program Description (Attachment 2), the Standard Provisions (Attachment 3) and the annual financial and operating plans.

All Endowment funds, including income and capital gains generated thereon, shall be invested only in investment grade financial instruments offered in the U.S., through one or more U.S.-based financial intermediaries. Investments in global offerings are allowable as long as the instruments are offered in the U.S. through a U.S. financial intermediary. The investment portfolio shall be comprised of instruments with prudent levels of risk that, together with funds from other donors, are expected to generate income and capital gains in an annual amount sufficient for the needs of the projects and operations of the Recipient, while at the same time protecting the Endowment from loss of nominal value. The portfolio will not include investments of a highly speculative nature, nor will it include commodity or margin investments or derivative instruments in which the Endowment could be at risk for an amount greater than the purchase price of the instrument involved, except as such instruments may be included indirectly as a small percentage of any mutual funds in which the portfolio is invested.

E. Conditions Precedent to Disbursement

1. Prior to disbursement of the Grant by USAID or issuance by USAID of documentation pursuant to which disbursement will be made, the Recipient shall submit to USAID, in form and substance satisfactory to USAID, evidence of the following matters:

a. That the Recipient has obtained appropriate tax-exempt status in both the United States and Bangladesh, such that neither the Grant, the Endowment nor income generated by the Endowment will be subject to taxation.

b. That the Recipient has adopted a corporate policy on personal compensation, including salaries and fringe benefits, consistent with local practice and appropriate to a non-profit organization.

c. That the Recipient has executed one or more Asset Management Agreement(s), with such Asset Manager(s) as USAID and the Recipient may mutually agree upon. The Agreement(s) shall set forth investment guidelines consistent herewith and specify USAID's rights to receive reports, to approve modifications of the Agreement or drawdown of capital, and to terminate the Endowment.

d. That USAID has approved the initial financial and operating plan, including a realistic projection of income from the Endowment, anticipated distributions to Recipient, and the annual rate of spending, broken down by line items, during the first year of operations of the Endowment, including the anticipated percentage of expenses allocated for general administrative and overhead for such year.

2. USAID will promptly notify the Recipient when it has determined that conditions precedent have been fulfilled.

3. Once the conditions precedent have been fulfilled, in order to request disbursement of the grant, Recipient will submit to USAID an original and three copies of Standard Form SF 1034, "Public Voucher for Purchases and Services Other Than Personal." The voucher will instruct USAID to disburse the remaining funds (approximately \$779,000), to the Recipient or the Asset Manager(s) for investment on Recipient's behalf pursuant to the Asset Manager Agreements(s) and the terms of this Agreement.

4. If the foregoing conditions precedent to disbursement have not been fulfilled within one year from the date of this Grant or such other date to which USAID may agree in writing, USAID may, at its option, terminate this Grant by written notice to the Recipient.

F. Reports

1. During the oversight period, the Recipient shall submit the following documents, in hard copy and 3-1/2" diskette, compatible to WordPerfect 5.2, to:

1. U.S. Agency for International Development
Office of Health and Nutrition
G/PHN/HN/CS, Attn: Dr. Caryn Miller, COTR
Room 1200, SA-18
Washington, DC 20523-1817

2. U.S. Agency for International Development
Office of Procurement
M/OP/A/HRN, Attn: Mr. Michael B. Gushue, Agreement Officer
Room 1569, SA-14
Washington, DC 20523-1427

or such other office(s) as USAID may elect:

a. On a semi-annual basis, reports from the Asset Manager(s) holding the Endowment, showing overall portfolio value, investment holdings, earnings (or losses) for the period and to date, distributions to the Recipient, account fees and such other details as the Recipient and USAID may request;

b. On an annual basis, a copy of the proposed annual financial and operating plan of the Recipient, showing the proposed budget for the coming year, anticipated distributions from the Asset Manager and overall program objectives for such year, as well as the maximum percentage of expenses to be allocated to administrative and overhead. USAID will review such plan during the oversight period to verify overall compliance with the terms of this Agreement, as well as to approve an overall level of approved distributions from the Endowment for such year.

c. Copies of an Annual Report of the Recipient, showing the financial status of investments and expenditures and progress toward overall program objectives. The Annual Report shall contain:

(1) the annual audited financial statement of the Recipient's organization as a whole, including:

(a) an annual financial status report of the investment of the Endowment, which includes detailed statements of all investments made, bought or sold, all earnings received, and all disbursements to or on behalf of the Recipient; and

(b) detailed statements of the expenditures by the Recipient of funds from all sources for its operations and program;

(2) a description of program activities, major subrecipients, goals, achievements, progress made and problems encountered, etc., in implementing the approved annual operating and financial plan;

(3) identities of management and directors and members of advisory committees to Board;

(4) total compensation paid to or on behalf of each of the individuals identified in paragraph (3) and a summary of any transactions between Recipient and such individuals or their affiliates; and

(5) the percentage of expenses allocated to general administration and overhead.

In order to facilitate planning and monitoring by USAID during the oversight period, the Recipient will make available drafts of the Annual Report to USAID when it becomes available, in advance of submission of the final Report containing the Recipient's annual audited financial statement.

d. On an annual basis, six months after the submission of the Annual Report referenced above, a progress report detailing implementation of the operating and financial plan previously approved by USAID, which should include an analysis of any major problems encountered.

e. A copy of independent audit report of the Recipient's program, to be performed at the Recipient's expense at no less than every three years from the effective date of this Agreement.

f. Copies of any other outside evaluations of the Recipient conducted by other donors or other organizations, whether or not contracted for by the Recipient.

g. Copies of any formal reviews of program progress or problems encountered and conducted by the Recipient's Board of Directors.

h. Periodic project briefs, reports and papers on project findings and results as the Recipient may deem appropriate.

2. After the oversight period, the Recipient shall continue to make available to the public and other interested parties (including governmental and non-governmental organizations active in the field of Child Survival research activities in Bangladesh) copies of its Annual Reports, containing the information stated in subsection F.1.b. above. Both during and after the oversight period, the Recipient shall publish the availability to the general public of copies of its annual report in one or more newspapers of wide circulation in Bangladesh.

G. Substantial Involvement and Approval Rights of USAID During Oversight Period

USAID shall be substantially involved, during the oversight period, in the program funded through the Endowment, as follows:

1. USAID shall review and approve, in writing, the annual financial and operating plans submitted by the Recipient, including the anticipated income on the Endowment, the rate of distributions from the Asset Manager to the Recipient during each calendar year or such other period as the parties may agree, and the proposed budget for the forthcoming year.

2. USAID must approve, in writing, any changes to the Asset Management Agreement(s), the selection of a new or replacement Asset Manager, and any change in the Fund Management Committee of the Recipient, which shall be any committee of the Board or management which is, among other things, delegated responsibility to issue instructions to the Asset Manager(s).

3. During the first three (3) years of the oversight period, or such other period as USAID and the Recipient shall agree, an "ex-officio" representative of USAID shall be entitled to attend and participate in open meetings of the Board of Directors as a non-voting member.

4. USAID must approve the Recipient's selection of an independent auditor, in accordance with Section 1.d.(2) of Attachment 3.

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5. Changes in Compensation Plan. The Recipient agrees that its corporate policies on personnel compensation will not be modified during the oversight period without USAID's express written consent to the modification.

6. Conflict of Interest Policies. Recipient agrees that, during the oversight period, no change shall be made in the conflict of interest policies and guidelines approved by USAID prior to the execution of this Grant without USAID's advance written approval as to the form and substance of such change. The Recipient further agrees to enforce such policies and guidelines in accordance with the letter and spirit thereof.

7. Fundamental Changes in Composition. The Recipient agrees that any modification of the Charter or Bylaws of the Recipient and/or changes in the composition of the Board of Trustees of the Recipient must be consistent with the objectives and provisions of Bangladesh law and this Grant Agreement in order for the Recipient to continue to receive distributions from the Asset Manager. No such modification may result in private members having less than a majority representation on the Board, and no modification in the structure or operation of the Recipient may be made which would jeopardize achievement of the purposes currently expressed in the Charter and Bylaws of the Recipient or this Grant. During the oversight period, the Recipient agrees to notify USAID promptly of any modification to its Charter or Bylaws and in the composition or method of selection of its Board of Trustees.

8. Termination Right and Limitation on Distribution. In the event that Recipient fails to raise matching funds of 3,000,000 from other donors within one year of the disbursement date of the Grant or the Recipient fails to obtain a total of \$10,000,000, inclusive of the \$1,000,000 USAID Grant, within four years of the date of the signing of the Agreement, USAID may terminate the Agreement and demand a full refund of all funds remaining in the account held by the Asset Manager. Without prejudice to any other rights granted here, it is understood that during the first three years of the oversight period, USAID may limit approved distributions from the Endowment to the proportion of the \$10,000,000 which has been obtained by Recipient at the time the annual financial and operating plans are submitted for USAID approval.

H. Representatives. For purposes of awarding this Agreement, signing amendments hereto, or exercising USAID's termination or refund rights under this Agreement, USAID will be represented by an officially designated Agreements Officer. For all other purposes, including the exercise of USAID's approval rights under Article G of this schedule, USAID will be represented by the USAID Representative in AID/W, or his or her designee. The Recipient shall be represented by such person(s) as it may designate in writing to USAID.

I. Provisions Remaining in Effect During Post-Oversight. Unless the context or the text of a provision of this Agreement indicates that it is effective only during the periods of disbursement or oversight (e.g., Article H above) all provisions of this Agreement remain in full force and effect during post-oversight, including the Standard Provisions.

Attachment 2

PROGRAM DESCRIPTION

1. Purpose. The purpose of this Agreement is to help fund an Endowment which will assist Recipient in financing the program described below. The program shall consist of research activities in Child Survival, including but not limited to those related to diarrheal diseases, respiratory disease, and malnutrition. While the total endowment held by Recipient shall also include funding from other donors, except where specifically stated otherwise, only the USAID funds disbursed as the Grant pursuant to this Agreement, and any earnings thereon, are referred to herein as the "Endowment".

2. Disbursement of Grant. After satisfaction of all conditions precedent specified in paragraph E of the Schedule (Attachment 1), all Grant funds will be disbursed in a lump sum directly to one or more separate, non-commingled interest-bearing bank accounts in the name of one or more Asset Managers designated by Recipient and acceptable to USAID, who will hold such funds on behalf of both Recipient and USAID and will invest such funds and remit earnings to Recipient in accordance with this Agreement and the Asset Management Agreement. References below to a single asset manager and its contract shall be deemed to encompass any additional managers and/or their contracts agreed to by USAID and Recipient.

3. Asset Manager. All investments will be made through U.S. based professional Asset Manager who will be contracted by the Recipient. Selection of the Asset Manager will be made based on criteria jointly agreed upon by USAID and Recipient, and the contract with such manager, and any amendment thereto during the oversight period, will be subject to prior USAID approval. The Asset Management Agreement may contain such other investment criteria upon which the parties may mutually agree, provided that the provisions of Paragraph 1 of the Standard Provisions (Attachment 3) shall prevail in the event of any conflict. Recipient shall take such measures as USAID may request to ensure that the Asset Management Agreement is a matter of public record.

Replacement of the Asset Manager, and any change in the Fund Management Committee of Recipient (as defined in the Schedule), during the oversight period will require prior written approval of USAID. After such period, the Asset Manager may be replaced at the discretion of Recipient, provided that any new contract for investment management services shall contain the same termination and refund rights in favor of USAID as described in paragraph 3 of the Standard Provisions Attachment.

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4. Disbursement of Income and Principal to Recipient. The Asset Management Agreement shall provide that income on the Endowment shall be distributed to Recipient by the Asset Manager at Recipient's request. Recipient shall request disbursements for such periods and in such amounts as are consistent with the annual financial and operating plans of Recipient. The Asset Manager may deduct from such distributions an amount necessary to pay any agreed upon fee as well as withholdings, if any, required by law or regulation with respect to taxes or other public charges regarding investment earnings. During the oversight period, principal may be distributed only in extraordinary circumstances and with the advance written consent of USAID.

5. Uses of Endowment Income.

1) Definition of Endowment Income. Endowment income consists of all interest, dividends, capital gains, or other earnings derived from the investment of the Endowment.

2) Eligible Uses. The Endowment income, and any principal which USAID consents may be used during the oversight period, is to be used solely for:

(a) Operational Support of Recipient. Such support includes but is not limited to salaries and other staff expenses consistent with the personnel compensation policy approved by USAID, office supplies and equipment, rental costs, vehicles, professional and other services (such as accounting, legal, consultation), and expenses of audits undertaken pursuant to this Grant Agreement. Administrative and overhead expenses will be limited to the percentages set forth in the annual financial and operating plans.

(b) Expenses of the Endowment Fund. Such expenses will include reasonable fees of the Asset Manager, reasonable commissions for the purchase or sale of assets in the portfolio and similar costs.

(c) Reinvestment in the Endowment Fund. Recipient will make every effort to reinvest portions of Endowment income which are not budgeted for expenditures under annual financial plans and are not needed to meet current expenses, in order to increase the capital of the Endowment.

(d) Types of Activities to be Financed. Specifically a variety of research activities in Child Survival will be eligible for funding. A partial list of these includes:

- Vaccine-related epidemiology and Phase I - III testing of vaccines against V. cholera (01 and O139 combined), rotavirus, Enterotoxigenic E. coli and Shigella - continuing;
- Development and testing of methods to predict cholera outbreaks through environmental monitoring;
- Identification of risk factors for acute and persistent diarrheas - continuing.
- An examination of epidemiology of diarrhea and ARI, particularly in very young infants - continuing;
- Testing of low-osmolarity Oral Rehydration Solution (ORS) and other improved formulations of ORS, as well as behavioral interventions to increase correct use of Oral Rehydration Therapy (ORT);
- Development and testing of improved simple, cost-effective and readily available diagnostics for diarrheal diseases (including the production and characterization of monoclonal antibodies to the virulence-associated factors of ETEC for use as diagnostic reagents - continuing);
- Testing and monitoring of antimicrobial susceptibility of respiratory pathogens and recommendations for modification of therapy in necessary; and
- Development and testing of simple, inexpensive, and readily available diagnostics for ARI.
- Definition of the etiology, role of and risk factors for major respiratory pathogens of ARI in a community setting, and development of appropriate intervention strategies if warranted;
- An examination of epidemiology of ARI, particularly in very young infants - continuing; and
- Field-testing of behavioral and environmental interventions to prevent ARI, especially at the household and community levels.
- Develop and test strategies to protect infants below 9 months of age from measles;

- Achieve a better understanding of factors related to vaccine efficacy, such as vaccine failures and herd immunity.
- Evaluate the feasibility of incorporating other important vaccines, such as rotavirus, hepatitis B, cholera and H. influenza;
- Address issues of sustainability and equity of vaccination.
- Development of ways to address the cycle of nutrient deficiencies, impaired growth and development, and disease;
- Improved nutritional approaches to case management and rehabilitation including the utilization of the non-health services sector; and
- Development of low-cost, high energy foods for infants and children for use during episodes of infectious disease.
- Develop simple, cost-effective, sustainable and equitable measures for interrupting the transmission of enteric pathogens at the home and community level.
- Develop culturally-acceptable strategies promoting improved personal hygienic practices and continued breastfeeding.

e) Allocation and Project Support Guidelines. Special emphasis shall be given to efforts that promote cooperation between various groups and individuals at local and national levels in implementing research activities in Child Survival.

Activities funded will seek to fill in the gaps unattended to by other research funding institutions and to catalyze government, academic and NGO action when necessary. In addition, the Recipient will seek to avoid duplicating initiatives that already have access to other funding sources, nor will it compete with local organizations in their fundraising efforts. The Recipient may assist in establishing a national information system that will include existing projects as well as new initiatives and the responsible organization. Projects should also be firmly based on recognized science with clear applicability.

6. Contributions from Other Donors

It is understood that the Grant, together with the contributions from other donors, is the first major installment of total contributions which are expected to reach a level of \$20,000,000 within 6 years. Recipient will use its best efforts to obtain such funds from other international donors, both public and private, to support the program initiated hereby.

**STANDARD PROVISIONS
FOR AN
ENDOWMENT WITH NON-U.S.,
NON-GOVERNMENTAL Recipient**

1. Accounting, Audits and Evaluations
2. Prohibited Uses
3. Termination/Refund
4. Source, Origin and Nationality
5. Procurement of Goods and Services
6. Nonliability
7. Amendments
8. Public Notices

Reference herein to the "Endowment" shall be understood to mean both the original Grant and all earnings and income generated thereon, including capital gains, prior to disbursement by the Asset Manager.

1. ACCOUNTING, AUDITS AND EVALUATIONS

a. Separate Accounts. The Recipient and the Asset Manager shall hold the Endowment (the original Grant and all earnings thereon) in a separate account or accounts, and shall not commingle Endowment funds with assets, funds or investments from other sources while the Endowment is invested. However, after Endowment funds are disbursed from the Asset Manager to the Recipient to support its operations and the program described in Attachment 2, funds so disbursed from the Endowment may be commingled with other funds and need not be held in separate accounts nor separately tracked, provided that the Recipient operates its accounting and audit systems to adequately account for the expenditure of funds from all sources and to evidence compliance with this Agreement.

b. Accounting for Investments. The Recipient and the Asset Manager shall maintain books, records, documents and other evidence relating to the investment of the Endowment, in accordance with generally accepted accounting principles formally prescribed by the U.S., the cooperating country, or the International Accounting Standards Committee of the International Federation of Accountants.

Such accounting records and documents will, at a minimum, be adequate to show all investments made, bought or sold, all earnings received, and all disbursements from separate investment accounts to or on behalf of the Recipient. The Recipient and Asset Manager shall retain such records and documents for three years after the transactions to which they relate.

c. Accounting for Program Expenditures. The Recipient shall maintain books, records, documents, and other evidence relating to expenditures for the program supported by the Endowment and by funds from other sources, in accordance with generally accepted accounting principles formally prescribed by the U.S., the cooperating country, or the International Accounting Standards Committee (an affiliate of the International Federation of Accountants) to sufficiently substantiate expenditures of the Recipient

of funds from all sources for Recipient's operations and program. Accounting records that are supported by documentation will at a minimum be adequate to show all costs incurred, the receipt and use of goods and services acquired by the Recipient, and the overall progress of the program. The Recipient's records which pertain to such expenditures shall be retained for three years following the transactions in question and may be audited by USAID and/or its representatives during the oversight period.

d. Audits.

(1) The Recipient agrees that it shall have an annual audit made of the funds expended for its operations and program and of the financial statements of the organization as a whole, in accordance with auditing standards generally accepted in the U.S., the cooperating country, or by the International Accounting Standards Committee of the International Federation of Accountants. The Recipient shall select an independent auditor, which shall be approved by USAID during the oversight period. The scope of work for the annual audit shall include determination of whether the Recipient has used its funds in accordance with this Agreement, as well as verification of compliance with the conflict of interest policies of the Recipient. Audits shall continue to be performed annually after the oversight period. Audits shall be performed, and audit reports submitted, expeditiously after the close of the Recipient's fiscal year.

(2) In cases of continued inability or unwillingness to have audits performed in accordance with the terms of this provision, USAID will consider appropriate sanctions which may include termination of the Endowment.

e. Inspection of Records and Evaluations.

(1) During the oversight period, USAID shall retain a discretionary right to inspect the books and records of the Recipient and to perform or arrange for further audits at USAID's expense. Recipient shall cooperate with USAID to allow and facilitate any such audits.

(2) During the oversight period, USAID may, at its own expense, conduct or arrange for one or more evaluations of the Recipient's programs funded in whole or in part by the Endowment, and Recipient shall cooperate with USAID to allow and facilitate any such evaluations.

2. PROHIBITED USES

a. The Recipient agrees that the Endowment will be used only for the purposes set forth in the Program Description and, in any event, that such funds will not be used:

- (1) to coerce any person to practice abortion; or
- (2) to pay for the performance of involuntary sterilization or to coerce or provide any financial incentive to any person to undergo sterilization; or
- (3) for military or paramilitary purposes; or
- (4) to attempt to influence legislation in the United States, in the host country, or elsewhere;
- (5) so as to inure, directly or indirectly, to the personal benefit of private persons, or be distributable to principals of the Recipient or the Asset Manager, except as such persons or their affiliates shall be authorized and empowered to receive reasonable compensation for goods sold or services rendered to or on behalf of Recipient.

b. (1) No Endowment funds may be used in a project or activity reasonably likely to involve the relocation or expansion outside of the United States of an enterprise located in the United States if non-U.S. production in such relocation or expansion replaces some or all of the production of, and reduces the number of employees at, said enterprise in the United States.

(2) No Endowment funds may be used in a project or activity the purpose of which is the establishment or development in a foreign country of any export processing zone or designated area where the labor, environment, tax, tariff, and safety laws of the country would not apply, without the prior written approval of USAID.

(3) No Endowment funds may be used in a project or activity which contributes to the violation of internationally recognized rights of workers in the host country, including those in any designated zone or area in that country.

3. REFUND AND TERMINATION

a. If either the Endowment or the Recipient organization are dissolved or cease to exist, whether during or after the period of USAID oversight, USAID retains the right to demand and receive an immediate refund of all unexpended funds of the Endowment, upon written demand to Recipient, to the Asset Manager, or successor organizations.

b. In addition, USAID may, during the oversight period and for a period of four (4) years thereafter, by written notice to Recipient and the Asset Manager, terminate the Endowment and demand and receive a refund of all unexpended funds of the Endowment in any of the following circumstances:

i. If Recipient misuses Endowment funds or fails to comply with the provisions of this Agreement, if serious deficiencies are found in Recipient's performance in managing its program, if serious adverse audit findings are rendered against Recipient, or if USAID shall reasonably determine that other circumstances exist which will prevent the Endowment from fulfilling its purpose; provided that in any such case the problem has not been corrected within a reasonable period of time as notified in writing by USAID;

ii. If (i) there is a fundamental change in the nature of Recipient's structure or operations, including but not limited to a cessation of activities, dissolution, bankruptcy, or liquidation, etc.; or (ii) there is a fundamental change in the purposes of the Recipient organization as expressed in its current charter documents;

iii. If Recipient and USAID shall fail to agree on the selection of any replacement Asset Manager or on the terms and conditions of the Asset Management Agreement or modifications therein (This provision is applicable during the oversight period only.); or

iv. If Recipient shall fail to comply with the terms of its charter documents or bylaws; or if a majority of the Board of Directors of Recipient shall request such termination in writing to USAID, or shall resign or be removed at the same time and prior to the conclusion of their respective terms of office.

c. If USAID shall exercise the termination rights described above, or if the Endowment or Recipient shall be otherwise dissolved for any reason at any time, then in such event, whether before or following the oversight period, all Endowment assets held by the Asset Manager (both principal and income) shall revert to USAID and be returned to the U.S. Treasury as miscellaneous receipts, unless USAID otherwise agrees in writing. Recipient and the Asset Manager shall be required to take all necessary steps to facilitate such a turnover of funds, including an orderly liquidation of assets as shall be reasonably requested by USAID. If such assets are not turned over within 60 days of a written request therefor, then Recipient shall be directly liable to USAID for the value thereof.

4. SOURCE/ORIGIN

In recognition of the fact that the Endowment was funded initially by a Grant from the U.S. Government, during the oversight period, Recipient agrees:

- a. to make a good faith effort to follow USAID's Fly America and Cargo Preference policies, insofar as expenditures of the Endowment are concerned. Such policies require that U.S. flag carriers, when available, be given preference for air travel and ocean shipping contracts and booking;
- b. to make a good faith effort to follow USAID's policies on source, origin and nationality of goods and services financed with the Endowment. Such policies generally require that goods and services be manufactured or originated in the United States or the host country, and be purchased from suppliers located in the United States or in the host country, except in cases in which U.S. or local goods or services are not available, or the objectives of the program would be otherwise impaired.

5. PROCUREMENT POLICIES

The Recipient may use its own procurement policies and practices for the procurement of goods and services under the Endowment, provided they conform to the requirements listed below.

- a. The Recipient shall maintain a code or standards of conduct that shall govern the performance of its directors, officers, employees or agents engaged in the awarding and administration of contracts, grants, loans or other benefits using Endowment funds. No director, employee, officer or agent of the

Recipient shall participate in the selection, award or administration of a contract, loan, grant or other benefit or transaction funded by the Endowment, in which the individual, members of the individual's immediate family or his or her business partners, or organizations controlled by or substantially involving such persons, has or have a financial interest. Nor shall any individual director, officer, employee, or agent of the Recipient so participate in such transactions involving organizations or persons with which or whom that individual is negotiating or has any arrangement concerning prospective employment. The Recipient's directors, officers, employees or agents shall neither solicit nor accept gratuities, favors or anything of monetary value from contractors or potential contractors. Such standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by the Recipient's directors, officers, employees or agents.

b. All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, free and open competition. The Recipient should be alert to organizational conflicts of interest or noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. Awards shall be made to the bidder/offeror whose bid or offer is most advantageous to the Recipient under the criteria for selection chosen for the procurement. Solicitations shall clearly set forth all requirements that the bidder/offeror must fulfill in order to be evaluated by the Recipient. Any and all bids/offers may be rejected when it is in the Recipient's interest to do so.

c. Solicitations for goods and services shall be based upon a clear and accurate description of the technical requirements for the material, product or service to be procured. Such a description shall not, in competitive procurements, contain features which unduly restrict competition.

d. Contracts shall be made only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of a proposed procurement. Consideration shall be given to such matters as contractor integrity, record of past performance, financial and technical resources or accessibility to other necessary resources.

e. Some form of price or cost analysis should be made in connection with every procurement. This analysis may be accomplished in various ways, including the comparison of price quotations submitted, and comparison of quotations with market prices.

f. Procurement records for purchases in excess of \$10,000 should be maintained and should include the following:

1. basis for award and for contractor selection, based on cost, price, or other factors;
2. justification for lack of competition when competitive offers are not obtained and considered.

6. TITLE TO PROPERTY

Title to any property acquired with distributions from the Endowment shall vest in the Recipient.

7. NONLIABILITY

USAID does not assume liability for any claims by third parties for damages arising out of this Agreement or of the management or expenditure of the Endowment.

8. AMENDMENT

This Agreement may be amended by formal written modification to the Agreement signed by the a USAID Agreement Officer and an appropriate official of the Recipient.

PROJECT IMPLEMENTATION ORDER/TECHNICAL SERVICES (PIO/T)*

1. Cooperating Country WORLDWIDE		2. PIO/T No. 936-5986-5692130	3. PIO/T Amend No. A3
4. Project/Activity No. and Title 936-5986.01 Diarrheal and Respiratory Disease Research and Coordination (DRDRC) (ICDDR/B) DOC # 42110		5. Appropriation Symbol(s) 725/61021.1	
7. Pro Ag No. or Project Authorization Date PAF Amendment 3, dated 9/1/95		6. Budget Plan Code(s) DDV5-95-16900-KG11; 561-36-099-00-20-51	
9. Project Assistance Completion Date (Month, Day, Year) 11/30/01		8. Obligation Status <input type="checkbox"/> Administrative Reservation <input checked="" type="checkbox"/> Implementing Document	
11. Type of Action and Governing A.I.D. Handbook [B]		12. Contract/Grant/Cooperative Agreement/ Reference Number (if this PIO/T is for an order or a modification to an award) DPE-5986-A-00-1009-00	
A. A.I.D. Contract (HB14)		C. PASA/RSSA (HB 12)	
B. A.I.D. Grant or Cooperative Agreement (HB 13)		D. Other	

13. A.I.D. Funding (Attach a detailed budget in support of column (2) as Attachment A.

	(1) Previous Total	(2) Increase	(3) Decrease	(4) Total to Date
A. Dollars	1,896,000 <i>me</i>			1,896,000 <i>me</i>
B. U.S.-Owned Local Currency				0

14. Mission References **N/A**

15. Instructions to Authorized Agent **Request the authorized agent to amend this cooperative agreement to incorporate the proposed endowment fund, reallocate the budget to accommodate the endowment contribution, and extend the expiration date 6 years from 11/30/96 to 01/26/02 to accommodate the monitoring requirement for endowments. An Action Memorandum signed by the Deputy Assistant Administrator approving the Endowment, a Program Description, and the proposal are attached. The funds should not be disbursed until the conditions precedent for an endowment are met.**

G/PDSP
Office of Program Development
and
Strategic Planning

Noted

ACTION
DATE **2/26/94** INITIALS *me*

16. Address of Voucher Paying Office **Agency for International Development
M/FM/CMP/DC, Room 700, SA-2, Washington, D.C. 20523**

17. Clearances - Include typed name, office symbol, and date for all clearances

A. The Project Officer certifies (1) that the specifications in the statement of work or program description are technically adequate, and (2) that (for contract actions only) all program personnel who are defined as procurement officials under 41 U.S.C 423 have signed the Procurement Integrity Certification (OF-333).

Signature G/PHN/HN/CS, Caryn Miller <i>Caryn Miller</i>	Date: 1/23/96	Phone No: 703-875-4682
B. The statement of work or program description lies within the purview of the initiating office and approved agency programs.	C. G/PHN/HN, Joy Lyles <i>Joy Lyles</i> 1/24/96	
Signature: G/PHN/HN, Robert Clay <i>Robert Clay</i> Date: 1/24/96	Signature: G/PHN/HN, Lavern Hollis <i>Lavern Hollis</i> Date: 1/24/96	
D. Funds for the services requested are available	E. AI Bartlett <i>AI Bartlett</i>	
Signature: G/PDSP, Michelle Crews <i>Michelle Crews</i> Date: 1/26/96	Signature: G/PHN/HN/CS, AI Bartlett Date: 1/24/96	

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

Signature:	Title:	Date:
Kathleen A.S. Kosar <i>Kathleen A.S. Kosar</i>	Program Officer	1/24/96

FOR CONTRACT ACTIONS ONLY: SOURCE SELECTION INFORMATION--SEE FAR 3.104. THIS DOCUMENT, OR PORTIONS THEREOF, CONTAINS PROPRIETARY OR SOURCE SELECTION INFORMATION RELATED TO THE CONDUCT OF A FEDERAL AGENCY ACQUISITION, THE DISCLOSURE OF WHICH IS RESTRICTED BY LAW (41 U.S.C. 423). UNAUTHORIZED DISCLOSURE OF THIS INFORMATION MAY SUBJECT BOTH THE DISCLOSURER AND RECIPIENT TO CONTRACTUAL, CIVIL, AND/OR CRIMINAL PENALTIES AS PROVIDED BY LAW.

FOR OTHER ACTIONS: UNAUTHORIZED DISCLOSURE OF PROPRIETARY OR SOURCE SELECTION INFORMATION MAY SUBJECT AN EMPLOYEE TO DISCIPLINARY ACTION.

AID 1350-1 (11/91)

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