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DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

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FUNDS OBLIGATED
"page 2"

Mr. Thomas Gikas
Assistant Business Manager
National Academy of Sciences
2101 Constitution Avenue
Washington, D.C. 20418

JUN 24 1976

CERTIFIED A TRUE COPY THIS
15th DAY OF Sept 76

BY R. D. Mundata

Subject: Grant No. AID/ta-G-1329

Dear Mr. Gikas:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A.I.D." or "Grantor") hereby grants to the National Academy of Sciences the sum of \$23,864 to provide, support, develop, and expand the Brazilian research program on nitrogen fixation and to assist in the establishment of a training program in modern research techniques in nitrogen fixation for Brazilian students, as more fully described in the attachment to this Grant entitled "Program Description."

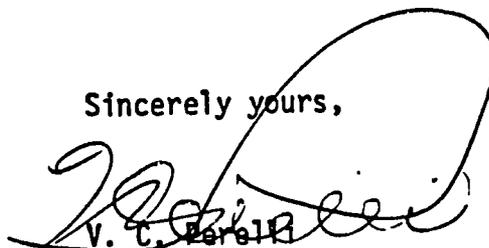
This Grant is made in support of an approximate thirty-five (35) month activity, is effective as of the date of this letter, and shall remain in effect until April 14, 1977. Prior to April 14, 1977, A.I.D. will give sympathetic consideration to amending the grant for the purpose of providing additional funding to cover the period April 15, 1977 through April 14, 1979. This consideration will be subject to the availability of funds.

This Grant is made by A.I.D. to the National Academy of Sciences (hereinafter referred to as the "Grantee") on condition that the Grantee shall administer the funds provided hereunder in accordance with the terms and conditions set forth in the Program Description (Attachment A),

and Attachment B entitled "Standard Provisions," which have been agreed to by your organization.

Please sign and return the Statement of Assurance of Compliance (one (1) copy only), and the original and seven (7) copies of this letter to acknowledge your acceptance of the conditions under which these funds have been granted.

Sincerely yours,



V. C. Farrell
Grant Officer
Technical Assistance Branch
Central Operations Division
Office of Contract Management

ATTACHMENTS:

- A. PROGRAM DESCRIPTION
- B. STANDARD PROVISIONS
- C. PAYMENT PROVISIONS

ACKNOWLEDGED:

NATIONAL ACADEMY OF SCIENCES

BY John S. Coleman

TITLE: Executive Officer

DATE: JUL 16 1976

FUNDS OBLIGATED	
Approp. No.	72-11X1023
Allot. No.	402-31-099-00-20-61
Obl. No.	3168961-01-259
Amount \$	23,864.00
Proj. No.	931-11-190-247-73
By	JCB 6/25/76

PROGRAM DESCRIPTION

I. SUMMARY

This proposal to the U.S. Agency for International Development, submitted at the Agency's oral request, is for support of the National Academy of Sciences (NAS) participation in a program of international cooperation in training and research on nitrogen fixation in the tropics to be conducted by the National Research Council's (NRC) Board on Science and Technology for International Development's (BOSTID) in cooperation with the Brazilian National Research Council (CNPq).

II. BACKGROUND

The NAS bilateral program with Brazil began in 1965 when a group of NAS-selected U.S. scientists met in Rio de Janeiro with representatives selected by the Brazilian National Research Council. These discussions led to a Brazil-U.S. workshop on the Contribution of Science and Technology to Development in Itatiaia, Brazil, April 1966. Since that time three additional workshops have been held--February 1968, April 1969, and November 1971. In addition a number of study groups examined key problems of development and technical policies and programs designed to increase Brazilian scientific capabilities in areas relating to Brazilian national development goals, including agricultural research, economics and engineering. More recently, emphasis has been placed on specific research areas of potential significance to Brazil. One such area is that of nitrogen fixation.

Recent research work on nitrogen fixation undertaken by a group working at the Instituto de Pesquisa Agropecuaria do Centro-Sul (IPEACS) of the Brazilian agricultural research organization EMBRAPA led to the discovery

of a hitherto unknown symbiotic association between nitrogen-fixing bacteria and root cells in certain tropical grasses and cereal grains. This discovery is of great importance not only because of its contribution to scientific knowledge about these symbioses, but because of the potential contribution these symbioses can make to the protein content of plants.

As a result of this discovery of nitrogen fixation in tropical grasses, the CNPq decided in mid-1974 to sponsor an international cooperative project to intensify training and research in this area at the Universidade Federal Rural de Rio de Janeiro (UFRRJ) which currently has post-graduate programs in soil science in cooperation with the nitrogen fixation group at IPEACS (both institutions are at the same location). The Academy was invited to participate in the project. As a first step towards coordinating this program, an International Scientific Training and Research Advisory Committee including three Academy participants convened in Brazil, November 18-22, 1974 to draw up the program for international cooperation. A copy of the program, subsequently approved by the Council of the CNPq and EMBRAPA, is attached. Two major objectives were identified by the International Advisory Committee:

A. The setting up of realistic training programs so that Brazilian students and scientists could use and appreciate modern research techniques and become involved in careers in research on means of increasing crop production in Brazil through the use of biological nitrogen fixation.

B. The development and expansion of a research program based on the IPEACS studies. The aim of this research would be to exploit biological sources of nitrogen in place of fertilizers.

In order to overcome initial difficulties due to the relative scientific isolation of the research group at IPEACS/UFRRJ the research program will be

supplemented with working visits by members of the International Advisory Committee, their associates and other scientists.

III. PROPOSAL

This proposal requests funds to support Academy participation in a program of international cooperation in training and research on nitrogen fixation with the Brazilian National Research Council (CNPq). It will provide for the following activities:

A. Periodic visits (average one trip per year for each) by the NAS-NRC representatives on the International Advisory Committee, or their colleagues, to collaborate with their Brazilian counterparts in the research and training program. This will involve international travel and incidental expenses only; the Brazilians will provide local travel and per diem.

B. Identification of doctoral or post-doctoral fellows for the program to assist in the conduct of research and in training of Brazilian (and other) students. The criteria/selection process will be as follows:

1. The fellows shall have experience working in the area of nitrogen fixation or closely related fields.

2. The fellows are to be nominated by the Advisory Committee of NAS.

3. The nominations are to be submitted to the Brazilian National Research Council (CNPq).

4. The CNPq will review the nominations and make the final selections.

It is envisaged that during the first year one fellow and during the subsequent years, up to two fellows per year from the United States will be nominated for Brazilian-funded fellowships for a one- or two-year period. The Academy will provide travel grants for their transportation (and their families, if appropriate), and only if the duration of the overseas assignment is more than one (1) year, to Brazil, and health insurance. In order that their time be used to maximum effort, provision is made for fellows to purchase and take with them equipment essential for them to begin their work on arrival and unavailable in Brazil. It is anticipated that the first equipment grant will be approximately \$5,000 per fellow; thereafter, it is estimated that the equipment grant will be up to \$4,000 per fellow.

C. Provision of funds for Brazilian committee members to spend short periods (one during the first year; two per year thereafter) in the United States working at U.S. institutions; the Brazilians will pay for international travel; the Academy will provide for local travel and per diem costs.

The Brazilian contribution to the expanded program of training and research will include the fellowships, local travel and per diem for U.S. scientists participating in the program, facilities and ancillary administrative support to the project in Brazil. The projected annual budgets for this have been approved by the CNPq and EMBRAPA and amount to approximately \$200,000 per year.

EXPECTED RESULTS

During the period of this activity, the following results are anticipated:

A. Establishment of an expanded level of collaboration on nitrogen fixation between the Brazilian research group and colleagues in U.S. institutions.

B. Strengthening of the training program, including a PhD program at the UFRRJ, in fields relating to nitrogen fixation in legumes, grasses and cereal grain crops, to enable Brazilian students to receive a thorough grounding in the necessary investigative techniques.

C. More rapid resolution of some of the characteristics of the nitrogen fixation associations, and of the potential contribution of these associations to plant production in both tropical and temperate soils.

REPORTS

The Grantee will submit a brief annual report to the project officer, TA/AGR and the contracting officer SER/CM/COD within 90 days of the anniversary date of the issuance of the Task Order. This report shall contain the following:

- A. A summary of the research results obtained during the previous year.
- B. A list of personnel receiving support from the project with their activities and dates of service.
- C. A list of cooperators active on the project.
- D. A progress report on the development of the training program.
- E. A statement on potential utilization of the project and available examples of utilization or means to encourage and assist utilization such as publications, workshops, visiting scientists and placing of students.
- F. A summary of expenditures during the year.

Interim reports or comprehensive technical reports may be issued with the approval of the project officer.

VI . ILLUSTRATIVE BUDGET

FR: June 1976
TO: 4-14-77

ITEMS

PROGRAM ADMINISTRATION

1. Salaries	\$ 3,386
2. Fringe Benefits	542
3. Travel - International	5,255
4. Communications & Shipping	434
5. Materials & Services	434
6. Indirect Costs	<u>3,791</u>
Sub-Total	\$13,842

TO AND ON BEHALF OF THE FELLOWS

7. Travel Grants	4,410
8. Equipment	5,000
9. Insurance	286
10. Indirect Costs	<u>326</u>
Sub-Total	\$10,022

GRAND TOTAL \$23,864

STANDARD PROVISIONS

a. Allowable Costs and Payment (Oct. 1974)

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 allowable in accordance with the terms of this Grant and Subpart 15.2 of the Federal Procurement Regulations (FPR) (Principles and Procedures for use in Cost Reimbursement Type Supply and Research Contracts with Commercial Organizations)* in effect on the date of this Grant. Payment of allowable costs shall be in accordance with Attachment C of this Grant.

[*If this Grant is made to a university, the applicable cost principles are "Federal Management Circular, 73-8 (Cost Principles for Educational Institutions)" instead of Subpart 15.2 of the FPR as cited above]

b. Accounting, Records, and Audit (Oct. 1974)

The Grantee shall maintain books, records, documents, and other evidence in accordance with the Grantee's usual accounting procedures to sufficiently substantiate charges to the grant. The Grantee shall preserve and make available such records for examination and audit by AID and the Comptroller General of the United States, or their authorized representatives (1) until the expiration of three years from the date of termination of the program and (2) for such longer period, if any, as is required to complete an audit and to resolve all questions concerning expenditures unless written approval has been obtained from the AID Grant Officer to dispose of the records. AID follows generally accepted auditing practices in determining that there is proper accounting and use of grant funds. The Grantee agrees to include the requirements of this clause in any subordinate agreement hereunder.

c. Refunds (Oct. 1974)

(1) If use of the Grant funds 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 this Grant, Grantee shall refund to AID an amount equivalent to the amount of interest accrued.

(2) Funds obligated hereunder but not disbursed to the Grantee at the time the grant expires or is terminated, shall revert to AID, except for 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.

(3) If, at any time during the life of the Grant, it is determined by AID that funds provided under the Grant have been expended for purposes not in accordance with the terms of the Grant, the Grantee shall refund such amounts to AID.

d. Equal Opportunity Employment (Oct. 1974)

With regard to the employment of persons in the U.S. under this Grant, Grantee agrees to take all reasonable steps to ensure equality of opportunity in its employment practices without regard to race, religion, sex, color or national origin of such persons and that; in accordance with Title VI of the Civil Rights Act of 1964, when work funded by this Grant is performed in the U.S. no person shall, on the grounds of race, religion, sex, color or national origin, be excluded from participation, be denied benefits, or be subjected to discrimination. In addition, the Grantee agrees to comply in accordance with its written assurance of compliance, with the provisions of Part 209 of Chapter II, Title 22 of the Code of Federal Regulations, entitled "Non-Discrimination in Federally Assisted Programs of the Agency for International Development - Effectuation of Title VI of the Civil Rights Act of 1964."

e. Termination (Oct. 1974)

This Grant may be terminated at any time, in whole or in part, by the Grant Officer upon written notice to the Grantee, whenever for any reason he shall determine that such termination is in the best interest of the Government. Upon receipt of and in accordance with such notice, 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 thirty (30) calendar days after the effective date of such termination repay to the Grantor all unexpended portions of funds theretofore paid by the Grantor to the Grantee which are not otherwise obligated by a legally binding transaction applicable to this Grant. Should the funds paid by the Grantor to the Grantee prior to the effective date of this 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 Grantor within (90) calendar days after the effective date of such termination a written claim covering such obligations, and, subject to the limitations contained in the Grant, the Grant Officer shall determine the amount or amounts to be paid by the Grantor to the Grantee under such claim.

f. Officials Not to Benefit (Oct. 1974)

No member of or delegate to Congress or resident 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.

g. Covenant Against Contingent Fee (Oct. 1974)

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 contingent 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.

h. Nonliability (Oct. 1974)

AID does not assume liability with respect to any claims for damages arising out of work supported by its grants.

i. Amendment (Oct. 1974)

The Grant Agreement may be amended by formal modifications to the basic grant document or by means of an exchange of letters between the AID Grant Officer and an appropriate official of the Grantee.

j. Grant Agreement (Oct. 1974)

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

k. Notices (Oct. 1974)

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 cognizant AID Grant Officer

To Grantee - At Grantee's address shown in this Grant, or to such other address as either party shall designate by notice given as herein required. Notices hereunder, shall be effective when delivered in accordance with this clause or on the effective date of the notice, whichever is later.

(2) Travel and Transportation (Oct. 1974)

(1) The Grant Officer hereby approves international travel hereunder provided that the Grantee shall obtain written concurrence from the cognizant technical office 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 Manager at least thirty (30) days in advance of any travel to be undertaken outside the United States. After concurrence is received the Grantee shall provide the cognizant USAID Mission or U.S. Embassy advance notification with a copy to the project officer of the arrival date and flight identification of Grant financed travellers.

(2) 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.

(3) The Grantee agrees to travel by the most direct and expeditious route, and to use less than first class transportation unless such use will result in unreasonable delay or increased costs.

(a) All international air travel under this Grant shall be made on United States flag carriers. Exceptions to this rule will be allowed in the following situations provided that the Grantee certifies to the facts in the voucher or other documents retained as part of his Grant records to support his claim for reimbursement and for post audit:

1. Where a flight by a United States carrier is scheduled but does not have accommodations available when reservations are sought;

2. Where the departure time, routing, or other features of a United States carrier would interfere with or prevent the satisfactory performance of official business;

3. Where a scheduled flight by a United States carrier is delayed because of weather, mechanical, or other conditions to such an extent that use of a non-United States carrier is in the Government's interest;

Travel and Transportation - Page 2 of 2

4. Where the appropriate class of accommodations is available on both United States and non-United States carriers, but the use of the United States carrier will result in higher total United States dollar cost to the grant due to additional per diem or other expenses; and

5. Where the appropriate class of accommodations is available only on a non-United States carrier and the cost of transportation and related per diem on the non-U.S. carrier is less than the cost of available accommodations of another class on a United States carrier and related per diem.

(b) All international air shipments under this grant shall be made on United States flag carriers unless shipment would, in the judgment of the Grantee, be delayed an unreasonable time awaiting a United States carrier either at point of origin or transshipment, provided that the Grantee certifies to the facts in the vouchers or other documents retained as part of the Grant records to support his claim for reimbursement and for post audit.

(4) Travel allowances shall be reimbursed in accordance with the Federal Travel Regulations (FTR).

Regulations Governing Employees Outside the United States (Oct. 1974)

(1) 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.

(2) 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.

(3) 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 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 is assigned.

(4) 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.

(5) On the written request of the Grant Officer or of a cognizant Mission Director, the Grantee will terminate the assignment of any individual to any work under the Grant and, as requested, will use its best efforts to cause the return to the United States of the individual from overseas or his departure from a foreign country or a particular foreign locale.

(6) Allowances for employees assigned overseas shall be reimbursed in accordance with the Federal Travel Regulations (FTR).

(m) Ineligible Countries (Oct. 1974)

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

(n)

Procurement of Equipment, Vehicles, Supplies, Materials, and Services (Oct. 1974)

(1) Except as may be specifically approved or directed in advance by the Grant Officer, or as provided in paragraphs (2), (3), and (4) below, all equipment, vehicles, materials, supplies and services the costs of which are to be attributed to this Grant and which will be financed with United States dollars shall be purchased in and shipped from the United States. In addition, for any U.S. purchase transaction in excess of \$2,500 the Grantee shall notify the seller that the item(s) must be of U.S. source and production and comply with the componentry limitations and other requirements applicable to suppliers under AID Regulation 1, and that the supplier must execute and furnish Form AID-282 "Suppliers Certificate and Agreement with the Agency for International Development".

(2) Exceptions to the foregoing are as follows (for Title X Grants only):

Grantee may permit a subgrantee (or the Grantee on his behalf) to procure commodities already in its country (with the exception of contraceptives, drug products, pharmaceuticals, and motor vehicles) in an amount not exceeding a total cost of \$5,000 per subgrantee per annum without regard to limitations, rules and procedures applicable to commodity transactions financed by AID. Such commodities shall not be considered "Already in its country" within the meaning of the aforementioned exception if the commodities have been imported or otherwise brought into the country at the request of the Grantee or subgrantee. A subgrantee's own country for this purpose shall in no event include any of the following: Australia, Austria, Belgium, Canada, Denmark, France, Germany, Spain, Italy, Japan, Luxembourg, Monaco, Netherlands, New Zealand, Norway, South Africa, Sweden, Switzerland, and United Kingdom. The Grantee shall take all reasonable precautions to ensure that the subgrantee does not procure any commodity which has as its country of origin any of the following countries: Albania, Bulgaria, China (Mainland and other Communist-controlled areas), including Manchuria, Inner Mongolia, the provinces of Tsinghai and Sikang, Sinkiang, Tibet, and former Kwantung Leased Territory, the present Port Arthur Naval Base Areas, and Liaoning Province, Cuba, German Democratic Republic, Hungary, North Korea, North Vietnam, Outer Mongolia, Poland, Rumania, and the Union of Soviet Socialist Republics.

(3) Printed or audio visual teaching materials may, to the extent necessary, be purchased outside the United States when:

Procurement of Equipment, Etc. - Page 2 of 3

(a) Effective use of the materials depend on their being in the local language, and

(b) Other funds including U.S. owned and controlled local currencies are not readily available for procurement of such material.

The order of preference as to countries in which such purchases outside the United States are made shall be:

1. The AID receiving country
2. Countries falling within AID Geographic Code 901
3. Other Countries falling within AID Geographic Code 899

AID Geographic Codes are defined in AIDPR 7-6.5201.1.

(4) Procurements in the country in which an activity is being undertaken and which are less than \$2,500 and are for materials (regularly available and normally sold on the local market) which are to be consumed or expended during the period of this Grant, are exempt from the conditions of Paragraph 1 above, provided that the origin of such materials and supplies and the component parts thereof is a free world country as described in AID Geographic Code 935.

(5) All international air shipments made by the Grantee, to be financed hereunder, shall be made on U.S. flag carriers unless shipment would, in the judgement of the Grantee, be delayed an unreasonable time awaiting a U.S. carrier, either at the point of origin or transshipment, provided that the Grantee certifies to the facts in the documents retained as part of his Grant records for post audit by AID. All international ocean shipment made by the Grantee, to be financed hereunder, shall be made on U.S. flag vessels. Where U.S. flag vessels are not available, or their use would result in a significant delay, the Grantee may obtain a release from this requirement from the Transportation Support Division, Office of Commodity Management, AID, Washington, D.C. 20523, as appropriate, giving the basis for the request.

(6) The Grantee shall obtain competition to the maximum extent possible for any procurement to be financed hereunder. Procurement by the Grantee without consideration of more than one source must be approved by the Grant Officer. In no event will any procurement be on a cost-plus-a-percentage of cost basis. The Grantee shall take all reasonable steps necessary to insure that subgrantees procuring in accordance with Paragraph (2) obtain competition to the maximum extent possible. In addition to the foregoing, for purchases made in the United States the cost of which are to be attributed to this Grant, the Grantee shall comply with the following requirements:

Procurement of Equipment, Etc. - Page 3 of 3

To permit AID, in accordance with the Small Business Provisions of the Mutual Security Act, to give United States Small Business firms an opportunity to participate in supplying commodities and services procured under this Grant, the Grantee, shall, to the maximum extent possible, provide the following information to the Office of Small Business, AID, Washington, D.C. 20523 at least 45 days prior to placing any order or contract in excess of Five Thousand (\$5,000) Dollars, except where a shorter time is requested of, and granted by the Office of Small Business:

- (a) Brief general description and quantity of commodities or services;
- (b) Closing date for receiving quotations or bids;
- (c) Address where invitations or specifications may be obtained.

(7) 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", Grantee agrees to review said list prior to undertaking any procurement the cost of which is to be attributed to this Grant. AID will provide Grantee with this list.

(10)

Title to and Use of Property (Grantee) (Oct. 1974)

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

(1) The Grantee shall not, under any Government contract or subcontract thereunder, or any Government grant, charge for any depreciation, amortization, or use of any property title to which remains in the Grantee under this clause.

(2) The Grantee agrees to use and maintain the property for the purpose of the grant.

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

(a) 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.

(b) to transfer title to any such items to the Government in accordance with any written request therefor issued by the Grant Officer at any time prior to final payment under the Grant.

Title to and Care of Property (U.S. Government) (Oct. 1974)

Property, title to which vests in the Government under this Grant, whether furnished by the Government or acquired by the Grantee, is subject to the provisions of this clause 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.

(1) Use of Government Property

The Government property shall, unless otherwise provided herein or approved by the Grant Officer, be used only for the performance of this Grant.

(2) 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 system for property control and a program for orderly maintenance of Government property.

(3) 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.

Title to and Care of Property (U.S. Government) Page 2 of 3

(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.

(4) Maintenance Program

The Grantee's maintenance program shall be such as to provide for, consistent with sound industrial 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.

(5) Risk of Loss

Unless otherwise provided in this Grant, the Grantee assumes the risk of, and shall be responsible for, any loss of or damage to Government property provided under this Grant upon its delivery to him or upon passage of title thereto to the U.S. Government, except for reasonable wear and tear and except to the extent that such property is consumed in the performance of this Grant.

(6) 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.

(7) 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.

(8) Communications

All communications issued pursuant to this clause shall be in writing.

(9) Government Furnished Excess Personal Property

When Government furnished excess personal property is provided under a grant, the appropriate provisions of the Federal Property Management Regulations, Part 101-43, shall be included.

(4) Salaries (Oct. 1974)

All salaries, wages, fees, and stipends reimbursed under this Grant shall be in accordance with the Grantee's policy and practice as reviewed and approved by the Grant Officer. In the absence of an approved policy the Grantee shall follow the regulations contained in Section 7-15.205-6 of the Agency for International Development Procurement Regulations.

PAYMENT PROVISIONPeriodic Grant Disbursement

Each month, or at less frequent intervals as agreed upon in advance, Grantee will submit to the Office of Financial Management, FM/CSD, AID, Washington, D.C. 20523 Voucher Form SF 1034 (original) and SF 1034-A, three copies, each voucher identified by the appropriate grant number, in the amount of estimated cash needs for the following month. The voucher shall be supported by an original and two copies of a report rendered as follows:

Amount of Grant	\$xxx
Expended to date	\$xxx
Expended this period (by line item as set forth in budget)	
1.	\$xxx
2.	\$xxx
3.	\$xxx
etc.	
TOTAL THIS PERIOD	\$xxx
Advances outstanding to subgrantees (if any)	\$xxx
Anticipated expenditures next month (dates)	\$xxx
Cash received to date	\$xxx
Cash required next month	\$xxx

The report shall include a certification as follows:

"The undersigned hereby certifies: (1) that the above represents the best estimates of funds needed for expenditures to be incurred over the period described, (2) that appropriate refund or credit to the grant will be made in the event funds are not expended, (3) that appropriate refund will be made in the event of disallowance in accordance with the terms of this grant and (4) that any interest accrued on the funds made available herein will be refunded to AID.

BY _____

TITLE _____ DATE _____