

UNITED STATES AID MISSION to BOLIVIA  
c/o American Embassy  
La Paz, Bolivia

ID-MAN-518

ISN 32,167

USAID - BOLIVIA  
APO MIAMI 34032

Telephones: 350120, 350251  
Casilla 673  
La Paz, Bolivia

October 14, 1983

Mr. Stanley Dunn  
Cooperative American Relief Everywhere  
"CARE"  
Av. Arce No. 2342  
La Paz

Dear Mr. Dunn:

Ref: Cooperative Agreement  
No. 511-0581 (CARE)

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 "Donor"), hereby grants to Cooperative American Relief Everywhere (hereby referred to as "CARE" or "the Recipient"), the sum of one million seven hundred fifty thousand United States Dollar (\$1,750,000) to provide support for CARE's Potable Water and Small - Scale Irrigation Program in the drought - affected Regions of Bolivia's Altiplano, as described in the Schedule of this Agreement and Attachment II entitled "Cooperative Agreement Program Description."

This Agreement is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Recipient in furtherance of program objectives during the period beginning with the effective date and ending October 14, 1985.

This Agreement is made with CARE on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment I, the Cooperative Agreement Schedule; Attachment II entitled "Cooperative Agreement Program Description"; and Attachment III, entitled "Cooperative Agreement Standard Provisions", which have been agreed to by your organization.

Please sign the original and seven (7) copies of this letter to acknowledge your receipt of the Agreement, and return the original and six (6) copies to me.

Sincerely yours,



Henry H. Bassford  
Mission Director and  
Agreement Officer

Attachments:

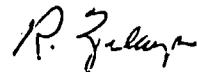
- I. Cooperative Agreement Schedule
- II. Cooperative Agreement Program Description
- III. Cooperative Agreement Standard Provision

ACKNOWLEDGED:

By:   
Title: Director, CARE Bolivia  
Date: October 14, 1983

FISCAL DATA

Appropriation: 72-113/41035  
Budget Plan Code: LFD 384-25511-HG43  
Project No. 511-0581  
Total Obligated Amount: \$1,750,000



## ATTACHMENT I

### COOPERATIVE AGREEMENT SCHEDULE

#### A. Purpose of Agreement

The purpose of this Agreement is to provide support for CARE's Potable Water and Small-Scale Irrigation Program, as more specifically described in Attachment II to this Agreement entitled "Cooperative Agreement Program Description."

#### B. Period of Agreement

1. The effective date of this Agreement is October 14, 1983. The expiration date of this Agreement is October 14, 1985.

2. Funds obligated hereunder are available for program expenditures for the estimated period October 14, 1983 to October 14, 1985 as shown in the Financial Plan below.

#### C. Amount of Agreement and Payment

1. The total estimated amount of this Agreement for the period shown in B.1 above is \$1.75 million.

2. A.I.D. hereby obligates the amount of \$1,750,000 for program expenditure during the estimated period set forth in B.2 above and as shown in the Financial Plan below.

3. Payment shall be made to the Recipient in accordance with procedures set forth in Attachment III.

#### D. Financial Plan

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

#### E. Reporting and Evaluation

CARE will present reports to USAID/Bolivia and the Ministry of Planning and Coordination every four months. These reports will explain the advance of the Program in relation to the objectives indicated in the Agreement, the problems encountered, the manner in which they were resolved and any other relevant points. The reports shall contain information on the status of all ongoing subprojects. In addition, CARE will present a final report at the end of the Program which will be prepared with USAID/Bolivia participation. Financial reporting requirements will be outlined by separate Project Implementation Letter.

FINANCIAL PLAN  
(U.S.\$ 000)

	AID		GRANT	GOB	Community	Total
	FX	LC	Total			
<u>1. Potable Water</u>						
Materials	500	220	720			720
Design and Supervision		200	200	50		250
Labor and Local Materials					250	250
Administration - CARE		150	150			150
<u>2. Irrigation</u>						
Materials	242	65	307			307
Design and Supervision		100	100	30		130
Labor and Local Materials					160	160
Administration - CARE		100	100			100
	742	835	1,577	80	410	2,067
Contingency	81	92	173			173
<b>TOTALS</b>	<b>823</b>	<b>927</b>	<b>1,750</b>	<b>80</b>	<b>410</b>	<b>2,240</b>

During the Program, there will be two joint evaluations conducted by A.I.D. and CARE. The first evaluation will occur at the end of the first year of the Program. This evaluation will measure the general progress of the Program, identify implementation problems and provide suggestions for resolving these problems. The final evaluation should focus on determining whether the general objectives of the Program have been met. If funding permits, both evaluations will be financed with funds provided under this Cooperative Agreement. If this is not possible, USAID and CARE will consult regarding the financing of the evaluations.

F. Title to Property

Title to property acquired under the Agreement shall vest in the Recipient, which agrees to transfer all such property to participating communities as necessary to carry out the project.

G. Source and Origin of Commodities, Nationality of Services

Commodities financed by A.I.D. under the Program shall have their source and origin in Bolivia or the United States, except as A.I.D. may otherwise agree in writing. Except for ocean shipping, the suppliers of commodities or services shall have Bolivia or the United States as their place of nationality, except as A.I.D. may otherwise agree in writing. Ocean shipping financed by A.I.D. under the Program shall, except as A.I.D. may otherwise agree in writing, be financed only on flag vessels of the United States or Bolivia.

H. Substantial Involvement Understandings

1. In addition to its standard Program monitoring practices, (concurrence with implementation plans and budgets, on-site inspections, audits and required reporting), A.I.D.'s substantial involvement in the Program will consist primarily in (a) its concurrence with the terms and conditions of the letters of understanding CARE is to sign with the Departmental Development Corporations participating in the Program (See H.3 below); (b) its ensuring that CARE employs the subproject selection criteria outlined in Attachment III, Section I A, including the technical, financial, social and administrative evaluation criteria to be mutually agreed by AID and CARE; and (c) its approval of procedures used, and suppliers selected, for certain local procurements of commodities.

2. Conditions Precedent to First Disbursement

Prior to any disbursement, or the issuance of any commitment documents under the Cooperative Agreement, to finance the project management component, the Recipient shall furnish A.I.D. in form and substance satisfactory to A.I.D.:

(a) A time-phase implementation plan and budget submission required to effect disbursement under the Cooperative Agreement.

### 3. Special Covenant

CARE covenants to ensure that its Program for the construction of potable water/sanitation systems and small-scale irrigation facilities is carried out in conformance with the Government of Bolivia's Disaster Recovery and Rehabilitation Program. To ensure the cooperation of participating Departmental Development Corporations (DDCs), CARE agrees to exchange letters of understanding, acceptable in form and substance to AID, with the DDCs with which it will work. The letters will outline the objectives and operating procedures for the Program described in this Cooperative Agreement and confirm the contribution of the participating Departmental Development Corporations to the Program.

### 4. Implementation Letters

To assist CARE in the implementation of the Program, A.I.D., from time to time, will issue Project Implementation Letters that will furnish additional information about matters stated in this Agreement. A.I.D. and CARE may also use jointly agreed-upon Project Implementation Letters to confirm and record mutual understandings on aspects of the implementation of this Agreement. Project Implementation Letters will not be used to amend the text of the Agreement, but can be used to record revisions or exceptions which are permitted by the Agreement, including the revision of elements of the Cooperative Agreement Program Description in Attachment II.

## ATTACHMENT II

### COOPERATIVE AGREEMENT PROGRAM DESCRIPTION

#### I. The Program

The goal of the USAID Disaster Recovery Project, of which CARE's Potable Water and Irrigation Program forms a part, is to assist Bolivia to respond to recent natural disasters and return to a self-sufficient status in the food commodities it traditionally produces. The purpose of CARE's Program is to construct, rehabilitate and expand existing potable water/sanitation systems and irrigation facilities in order to provide for increased water supply and food production in drought-affected regions of Bolivia, while decreasing the impact and risks of future rainfall variations.

The project has two components: construction of potable water/sanitation systems and irrigation facilities (subprojects); and administrative support.

#### A. Subprojects

CARE will expand its Program for the construction of potable water and sanitation systems and small-scale irrigation subprojects within the drought-affected portions of the Departments of La Paz, Oruro, Potosí and Chuquisaca, working with the assistance of the Departmental Development Corporations (DDCs) in the latter three Departments. The communities to be served will contain populations of less than 2000 people, and the irrigation projects supported will generally contain less than 200 hectares. Approximately 80 potable water and sanitation system subprojects will be constructed, along with approximately 30 additional potable water subprojects which also include irrigation or subprojects with irrigation only. The subprojects will be selected from a master list of possible activities submitted by communities in the Program's areas of concentration according to the following criteria:

- (i) Subprojects will be located in the more severely drought affected areas of the country.
- (ii) Subprojects can be designed and constructed within the two-year life-of-project.
- (iii) Engineering and implementation demands do not exceed the existing or augmented technical, organizational and financial capacity of the responsible implementing agencies.
- (iv) Strong community interest and commitment exists, such as a willingness to provide voluntary labor and materials, a willingness to pay for maintenance and operation costs, and the formation of a local group or organization to oversee and ensure continued community support.

(v) Subprojects are demonstrability feasible based on technical, financial, social and administrative evaluation criteria to be agreed jointly by A.I.D. and CARE.

(vi) Subprojects are located in populated areas which have a justifiable need for the investment, even under normal rainfall conditions.

(vii) Irrigation subprojects in particular will be selected which best conform with the following criteria:

- . involve the improvement/expansion of an existing infrastructure;
- . require minimum (less sophisticated) engineering and operation requirements;
- . require less continual attention to operation, management and maintenance; and
- . present minimal need for elaborate environmental analyses.

Both the potable water systems and small-scale irrigation facilities to be constructed will be gravity-type systems whenever possible to reduce operating costs and maintenance requirements. Preference will be given in potable water projects including house connections whenever possible due to reduced maintenance requirements.

Once potable water subprojects are completed, CARE will train system operators in system maintenance programs run with the cooperation of FOMU. Cooperating communities will set up water user committees for both potable water and irrigation projects which will charge fees to finance the materials and labor used in system maintenance. CARE and the DDCs will make periodic site visits to check on operation and maintenance.

DDCs will provide assistance in community promotion, engineering surveys designs and plans, and construction supervision. In irrigation subprojects, the DDCs will also provide communities with ongoing assistance in water management and agronomy.

#### B. Administrative Support

CARE plans to hire additional Bolivian personnel to administer this project, including approximately six construction supervisors, one engineer, and two promoters. Expenses for these additional personnel and other operating costs (including program evaluations) will be supported with project

funds as mutually agreed by USAID and CARE.

## II. Responsibilities and Implementation Schedule

### A. Responsibilities

CARE will be responsible for the implementation of the Program. This will include subproject planning and scheduling, administration of funds, overseas and local procurement, and the implementation of training programs.

The DDCs in Oruro, Potosí, and Chuquisaca will assist CARE in community promotion activities, provide technical services for all subprojects and assist in the formation and training of water user groups.

Participating communities will provide manual labor and locally available materials for subproject construction.

### B. Implementation Schedule

#### 1983

- October 14 - Mission and CARE sign cooperative agreement for CARE Program.
- December 1 - CARE begins construction of 10 potable water systems and 5 micro-irrigation systems.

#### 1984

- February 1 - CARE begins construction of 11th through 25th potable water systems and the 6th through 10th micro-irrigation systems.
- February 28 - CARE completes the 1st through 10th potable water system and the 1st through 5th micro-irrigation systems.
- March 24 - First short training course on irrigation system organization and administration starts.
- April 1 - CARE begins construction of the 26th through 40th potable water systems and the 11th through 15th micro-irrigation systems.
- April 30 - CARE completes the 11th through 25th potable water systems and the 6th through 10th micro-irrigation systems.

- June 30 - CARE completes the 26th through 40th potable water systems and the 11th through 15th micro-irrigation systems
- July 1 - CARE starts the 41st through 50th potable water systems and the 16th through 20th micro-irrigation systems.
- September 1- CARE begins construction of the 51st through the 60th potable water systems and the 21st through 25th micro-irrigation systems.
- September 10- Second short training course on on-farm water management starts.
- September 30- CARE completes construction of the 41st through 50th potable water systems and the 16th through 20th micro-irrigation systems.
- November 1 - CARE begins construction of the 61st through 70th potable water systems and the 21st through 25th micro-irrigation systems.
- December 15- CARE completes construction of the 51st through 60th potable water system and the 21st through 25th micro-irrigation system.

1985

- February 1 - CARE begins construction of the 71st through the 80th potable water systems and the 26th through the 30th micro-irrigation systems.
- July 30 - CARE completes the 71st through the 80th potable water systems and the 26th through the 30th micro-irrigation systems.
- August 5 - Contract is let with either a private firm or a local university to evaluate the CARE and DDC subprojects.
- September 30- Program evaluation completed.

## ATTACHMENT III

### COOPERATIVE AGREEMENT STANDARD PROVISIONS

#### 1. ALLOWABLE COSTS AND CONTRIBUTIONS

(a) The Recipient shall be reimbursed for costs incurred in carrying out the purposes of this Agreement which are determined by the Agreement Officer to be reasonable, allocable, and allowable in accordance with the terms of (1) this Agreement, (2) any negotiated advance understanding on particular cost items, and (3) cost principles contained in OMB Circular A-122 entitled "Cost Principles for Nonprofit Organizations" in effect on the date of this Agreement (hereinafter referred to as "applicable cost principles").

(b) If Recipient contributions in the form of cost sharing/matching are required under this Agreement, the allowability of costs applied to the Agreement for such contributions shall be determined by the Agreement Officer in accordance with the terms of paragraph 1K, "Cost Sharing and Matching" of Handbook 13 in effect on the date of this Agreement.

(c) The requirements set forth in this provision are only applicable to costs incurred with funds provided by A.I.D. under this Agreement. Except for paragraph (b) above, the requirements set forth in this provision are not applicable to costs incurred by the Recipient 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 Agreement.

#### 2. ACCOUNTING, AUDIT AND RECORDS

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

(b) The A.I.D. 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 Recipient's books and records to determine whether the Recipient has expended A.I.D.'s funds in accordance with the terms and conditions of this Agreement. The Recipient agrees to make available any further information requested by A.I.D. with respect to any questions arising as a result of the audit.

#### 3. REFUNDS

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

(b) Funds obligated by A.I.D. hereunder but not disbursed to the Recipient at the time the Agreement expires or is terminated, shall revert to A.I.D., except for such funds encumbered by the Recipient by a legally binding transaction applicable to this Agreement. Any funds disbursed to but not expended by the Recipient at the time of expiration or termination of the Agreement shall be refunded to A.I.D.

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

#### 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 A.I.D. in accordance with:

(1) Title VI of the Civil Rights Act of 1963 (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 Recipient agrees to comply with A.I.D. regulations implementing the above nondiscrimination laws, set forth in Chapter II of Title 22 of the Code of Federal Regulations.

#### 5. REVISION OF FINANCIAL PLANS

(a) The Financial Plan, i.e., Agreement budget, is the financial expression of the project or program as approved during the application and/or award process.

(b) The Recipient shall immediately request approval from the Agreement 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 Recipient expects the amount of A.I.D. authorized funds will exceed its needs by more than \$5,000 or five percent of the A.I.D. award, whichever is greater.
4. The Recipient plans to transfer amounts budgeted for indirect costs to absorb increases in direct costs or vice versa.
5. The Recipient plans to transfer funds budgeted for training allowances (direct payments to trainees) to other categories of expense.
6. The Recipient plans to incur an expenditure which would require approval under the terms of this Agreement, and was not included in the approved Financial Plan.
7. The Recipient intends to subcontract or subgrant any of the substantive programmatic work under this Agreement, and such subcontracts or subgrants were not included in the approved Financial Plan.

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

(e) If the requested budget revision requires the obligation of additional funding, and, if after notification pursuant to this Standard Provision, A.I.D. determines not to provide additional funds, the A.I.D. Agreement Officer will, upon written request of the Recipient, terminate this Agreement pursuant to the Standard Provision of this Agreement, entitled "Termination".

(f) Except as required by other provisions of this Agreement specifically citing and stated to be an exception from this provision, the Government shall not be obligated to reimburse the Recipient for costs incurred in excess of the total amount obligated under the Agreement, and the Recipient shall not be obligated to continue performance under the Agreement (including actions under the "Termination" provision) or otherwise to incur costs in excess of the amount obligated under the Agreement unless and until the Agreement Officer has notified the Recipient 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 Agreement.

6. PAYMENT - PERIODIC ADVANCE

(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 Recipient as close as is administratively feasible to the actual disbursements by the Recipient for program costs. Cash advances made by the Recipient to secondary recipient organizations or the Recipient's field organizations shall conform substantially to the same standards of timing and amount as apply to cash advances by A.I.D. to the Recipient.

(b) Recipients 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 Agreement.

(c) The Recipient 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. Recipients 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. Recipients shall report in the Remarks section of SF-272 the amount of cash advances in excess of thirty days requirements in the hands of subrecipients or the Recipient's overseas field organizations and shall provide short narrative explanations of actions taken by the Recipient to reduce the excess balances.

(d) A "Financial Recipient Report," SF-269, shall be prepared on an accrual basis by the Recipient and submitted quarterly no later than 30 days after the end of the period in an original and two copies. If the Recipient's accounting records are not normally kept on the accrual basis, the Recipient 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 Agreement.

(e) If at any time, the A.I.D. Controller determines that the Recipient 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 Agreement, and (3) impose the same standards of timing of advances and reporting on any subrecipient or any of the Recipient's overseas field organizations; the A.I.D. Controller shall advise the Agreement Officer who may suspend or revoke the advance payment procedure.

7. TRAVEL AND TRANSPORTATION

(a) The Agreement Officer hereby approves international travel to be reimbursed under this Agreement provided that the Recipient shall obtain written concurrence from the cognizant Project Officer in A.I.D. prior to sending any individual outside the United States to perform work under the Agreement. For this purpose the Recipient 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 Recipient 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 Agreement financed travelers.

(b) Travel to certain countries shall, at A.I.D.'s option, be funded from U.S. - owned local currency. When A.I.D. intends to exercise this option, it will so notify the Recipient after receipt of advice of intent to travel, required above. A.I.D. will issue a Government Transportation Request (GTR) which the Recipient may exchange for tickets, or A.I.D. will issue the tickets directly. Use of such U.S. - owned currencies will constitute a dollar charge to this Agreement.

(c) All international air travel and all international air shipments funded under this Agreement 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 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 Recipient's use of other than U.S. flag carriers for international transportation, the Recipient 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) as 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 Columbia, 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 Recipient employees traveling within the United States will be reimbursed in accordance with the established policies and practices of the Recipient which are uniformly applied to both federally financed and other activities of the Recipient.

(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 Recipient 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 Recipient's established policies and practices which are uniformly applied to federally financed and other activities of the Recipient 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.

8. OCEAN SHIPMENT OF GOODS

(a) At least 50% of the gross tonnage of all goods purchased under this Agreement 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 Agreement 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 Recipient may request a certificate of nonavailability from the A.I.D. 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 Recipient of the requirement to use U.S. flag vessels for the tonnage of goods 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 calculation 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).

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

(a) General

Except as may be specifically approved or directed in advance by the Agreement Officer, all goods (e.g., equipment, vehicles, materials, and supplies) and services which will be financed under this Agreement 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 Agreement.

(b) Procurement of Goods

In order to be eligible under this Agreement, goods purchased under this Agreement must be of eligible source and origin, and must satisfy A.I.D.'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. A.I.D. componentry rules are as follows:

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

(ii) Unless otherwise specified by the Agreement 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 are 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 A.I.D.).

(C) A.I.D. may prescribe percentages other than 50 percent for specific commodities.

(iv) Any component from a non-free world country makes the commodity ineligible for A.I.D. financing.

(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 Agreement and not separately to any contractor that may supply commodity-related incidental services. Such services, defined as the installation or erection of A.I.D.-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 A.I.D. 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 Agreement Officer, A.I.D. 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 Agreement must be approved by the A.I.D. 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 percent of the gross tonnage of all goods purchased under this Agreement 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 percent of the gross freight revenue generated by shipments of goods purchased under this Agreement 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 Recipient may request a certificate of nonavailability from the A.I.D. 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 Recipient 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 required that if a recipient country discriminates by statute, decree, rule or practice with respect to A.I.D.-financed procurement against any marine insurance company authorized to do business in any State of the United States, then any A.I.D.-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) of this provision, in order to be eligible for A.I.D. financing under this Agreement, suppliers, contractors, or subcontractors must fit one of the following categories:

(1) Suppliers of Commodities

A supplier providing goods under this Agreement must fit one of the following categories for the costs of such goods to be eligible for A.I.D. 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.

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\* Revised and/or New Material

(2) Privately Owned Commercial Suppliers of Services

An individual or a privately owned commercial firm is eligible for financing by A.I.D. under this Agreement 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:

(A) The corporation or partnership is more than 50 percent 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 percent beneficially owned" means that more than 50 percent of each class of stock is owned by such individuals; in the case of partnerships, "more than 50 percent beneficially owned" means that more than 50 percent 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 organizations shall certify that the participating firm or nonprofit organization meets either the requirements of paragraphs (d) (2) (ii) (A) or (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 A.I.D. under this Agreement 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 Agreement 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 A.I.D. under this Agreement 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 A.I.D. to be an integral part of the local economy in accordance with A.I.D. 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 A.I.D. 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 A.I.D. 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 A.I.D. Agreement Officer's approval for any such contract.

(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 Agreement, but all contractor and subcontractor employees engaged in providing services under A.I.D.-financed Agreements must be citizens of countries included in A.I.D. 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 Agreement Officer or in the Schedule of the Agreement. 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 Recipient procure any of the following under this Agreement:

- (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 A.I.D. determines that the Recipient has procured any of the ineligible goods and services specified above under this Agreement, and has received reimbursement for such purpose, the Recipient agrees to refund to A.I.D. the entire amount of the reimbursement.

(h) Restricted goods. The Recipient shall not procure any of the following goods or services without the prior written authorization of the Agreement 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 A.I.D. determines that the Recipient has procured any of the restricted goods specified above under this Agreement, without the prior

written authorization of the Agreement Officer, and has received reimbursement for such purpose, the Recipient agrees to refund to A.I.D. 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 A.I.D. 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 Agreement 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 A.I.D. Regulation 8, "Suppliers of Commodities and Commodity-Related Services Ineligible for A.I.D. Financing" (22 CFR 208). The Recipient agrees to review said list prior to undertaking any procurement the cost of which is to be reimbursable under this Agreement. A.I.D. will provide the Recipient with this list.

(k) The Recipient's procurement system. The Recipient 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 10 of A.I.D. Handbook 13, "Grants".

10. LOCAL COST FINANCING WITH U.S. DOLLARS

(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 Agreement. Local cost financing must be specifically authorized in the Schedule of the Agreement. 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 Recipient 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 A.I.D. determines that the Recipient has procured any of the ineligible goods and services specified above under this Agreement, and has received reimbursement for such purpose, the Recipient agrees to refund to A.I.D. the entire amount of the reimbursement.

(2) Restricted Goods

The Recipient shall not procure any of the following goods or services without the prior written authorization of the Agreement 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 A.I.D. determines that the Recipient has procured any of the restricted goods specified above under this Agreement, without the prior written authorization of the Agreement Officer, and has received reimbursement for such purpose, the Recipient agrees to refund to A.I.D. the entire amount of the reimbursement.

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

(4) Nationality

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

(ii) Local cost financing is the use of a appropriate 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 Agreement. 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 Agreement 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 Recipient 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 costs 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 Agreement. 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 A.I.D.-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 A.I.D. 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 A.I.D. 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."

11. TITLE TO AND USE OF PROPERTY (RECIPIENT TITLE)

Title to all property financed under this Agreement shall vest in the Recipient subject to the following conditions:

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

(b) The Recipient agrees to use and maintain the property for the purpose of the Agreement 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 Recipient, the Recipient agrees:

(1) To report such items to the Agreement 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 Agreement Officer at any time prior to final payment under this Agreement.

12. CONVERSION OF UNITED STATES DOLLARS TO LOCAL CURRENCY

Upon arrival in the Cooperating Country, and from time to time as appropriate, the Recipient's Chief of Party shall consult with the Mission Director who shall provide, in writing, the procedure the Recipient 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.

13. TERMINATION AND SUSPENSION

(a) For Cause

This Agreement may be terminated for cause at any time, in whole or in part, by the Agreement Officer upon written notice to the Recipient, whenever it is determined that the Recipient has failed to comply with the conditions of the Agreement.

(b) For Convenience

This Agreement 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 Agreement 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 Agreement Officer to the Recipient.

(c) Termination Procedures

Upon receipt of and in accordance with a termination notice as specified in either paragraph (a) or (b) above, the Recipient shall forthwith take immediate action to minimize all expenditures and obligations financed by this Agreement, 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 Recipient 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 Recipient which are not otherwise obligated by a legally binding transaction applicable to this Agreement. Should the funds paid by the Government to the Recipient prior to effective date of the termination of this Agreement, be insufficient to cover the Recipient's obligations pursuant to the aforementioned legally binding transaction, the Recipient 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 Agreement, the Agreement Officer shall determine the amount or amounts to be paid by the Government to the Recipient under such claim in accordance with the applicable Federal cost principles.

(d) Suspension: Termination for Changed Circumstances

If at any time A.I.D. determines (1) that disbursement by A.I.D. would be in violation of applicable laws 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 A.I.D. may, following notice to the Recipient, suspend this grant and prohibit the Recipient from incurring additional obligations chargeable to this Agreement other than necessary and proper costs in accordance with the terms of this Agreement during the period of suspension. If the situation causing the suspension continues to pertain for 60 days or more, then A.I.D. may terminate this Agreement on written notice to the Recipient and cancel that portion of this Agreement which has not been disbursed or irrevocably committed to third parties. Financial settlement of this Agreement shall be governed by the termination procedures specified in paragraph (c) above.

14. REGULATIONS GOVERNING EMPLOYEES OUTSIDE THE UNITED STATES

(a) The Recipient'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 Recipient 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 A.I.D. personnel employed by the Mission, except as this may conflict with host government regulations.

(c) Other than work to be performed under this Agreement for which an employee or consultant is assigned by the Recipient, no regular or short term employee or consultant of the Recipient shall engage directly or indirectly, either in his/her own name or in the name of 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 Recipient'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 Recipient employee is not in accordance with the preceding paragraphs, the Recipient's chief of party shall consult with the Mission Director and the employee involved and shall recommend to the Recipient 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 Agreement of any third country national when, in the discretion of the Ambassador, the interests of the United States so required.

(g) If it is determined, under either (e) or (f) above, that the services of such employee shall be terminated, the Recipient shall use its best efforts to cause the return of such employee to the United States, or point of origin, as appropriate.

15. 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 Agreement 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 Agreement is mandatory for subgrants to U.S. institutions. For subgrants to foreign institutions Recipient shall use the Standard Provisions set forth in Appendix 4D of Handbook 13.

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

#### 16. SALARIES

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

#### 17. INELIGIBLE COUNTRIES

Unless otherwise approved by the A.I.D. Agreement Officer, no A.I.D. 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.

#### 18. DISPUTES

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

(b) Decisions of the A.I.D. Agreement Officer shall be final and conclusive unless, within 30 days of receipt of the decision of the Agreement Officer, the Recipient appeals the decision to the Administrator, A.I.D. 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 Agreement Officer.

(c) In connection with any appeal proceeding under this provision, the Recipient 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.

#### 19. 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 A.I.D. Recipients 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 A.I.D. Mission. In consideration of the use of pouch facilities as hereinafter stated, the Recipient and its employees agree to indemnify and hold harmless the Department of State and A.I.D. for loss or damage occurring in pouch transmission.

(1) Recipients 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/Bolivia)  
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) A.I.D. Recipient 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 Recipients and letter mail from their employees for the pouch, provided of course, adequate postage is affixed.

(b) The Recipient 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 Recipient use of pouch facilities in accordance with this clause is available from the Post Communication Center at the Embassy or A.I.D. Mission.

#### 20. 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 Agreement or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this Agreement if made with a corporation for its general benefit.

#### 21. COVENANT AGAINST CONTINGENT FEES

The Recipient warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement 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 Recipient for the purpose of securing business. For breach or violation of this warranty, A.I.D. shall have the right to cancel this Agreement without liability or, in its discretion, to deduct from the Agreement amount, or otherwise recover, the full amount of each commission, percentage, brokerage, or contingent fee.

#### 22. NONLIABILITY

A.I.D. does not assume liability with respect to any third party claims for damages arising out of work supported by this Agreement.

#### 23. AMENDMENT

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

24. AGREEMENT

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

25. 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 A.I.D. Agreement Officer, at the address specified in the grant.

To Recipient, at Recipient's address shown in the grant,

or to such other address as either of 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.