

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
MISSION TO JAMAICA

PD AAP-846/81
CN-35965

Embassy of the United States of America
2 Oxford Road, Kingston 5.
Telephone: 809-925-4850

April 26, 1984

Mr. Elon Beckford
Chairman
Board of Directors
Jamaica Agricultural Development
Foundation
7 Surbiton Road
Kingston 10

Dear Mr. Beckford:

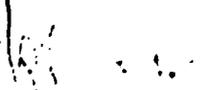
Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A.I.D." or "Grantor") hereby grants to the Jamaica Agricultural Development Foundation (hereinafter referred to as "JADF" or "Grantee"), the sums of US\$310,000 and the equivalent of U.S. \$190,000 in Jamaican dollars to provide support for a Program in Jamaica. This Program is described in Attachment 1, entitled "Schedule," and Attachment 2, entitled "Program Description," to this letter.

This Grant is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Grantee in furtherance of Program objectives during the period beginning March 1, 1984 and ending March 1, 1985.

This Grant is made to JADF on condition that the funds will be administered in accordance with the terms and conditions set forth in Attachment 1, Attachment 2, and Attachment 3, entitled "Standard Provisions," to this letter.

Please sig: the original and seven (7) copies of this letter to acknowledge your receipt of the Grant and return the original and six (6) copies to the Contracts Office, USAID/J.

Sincerely

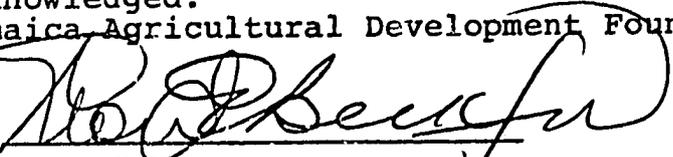

L. P. Reade,
Director

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions

Acknowledged:

Jamaica Agricultural Development Foundation

By: 

Title: CHAIRMAN

Date: 7/5/84

Appropriation: 72-1131037
Budget Plan Code: LESA-83-25532-KG13
Total Obligated Funds: U.S.\$500,000
Funding Source: USAID/J from the TC&TG
For Project No. 532-0105

SCHEDULEA. Purpose of the Grant:

The purpose of this Grant is to provide financing needed by the Grantee to carry out Phase II of an activity, which in Phase I assisted in the creation of the Jamaica Agricultural Development Foundation (JADF) and in Phase II seeks to provide grant funding to the JADF, as more specifically described in Attachment 2 to this Grant.

B. Period of the Grant:

Expenditures for the purposes authorized under this Grant may be made between March 1, 1984 and April 30, 1985.

C. Amount of the Grant and the Means of Payment to the Grantee:

A.I.D. has obligated funds up to the amounts of US\$310,000 and the equivalent of U.S.\$190,000 in Jamaican dollars for the purposes authorized by this Grant. Payment will be made to the Grantee in accordance with the procedures set forth in Attachment 3 to this Grant (Standard Provision 11, entitled "Payment--Periodic Advance"). Separate requests shall be made for advances of U.S. dollars and Jamaican dollars.

D. Financial Plan:

The following estimated Financial Plan applies to this Grant, including both foreign exchange and local cost financing. Any revisions to the estimates contained in this Plan shall be made in accordance with the Standard Provisions to this Grant entitled "Revision of Financial Plans."

	<u>U.S.\$</u>	<u>J\$</u>
1. Salaries and Benefits	38,400	264,550
2. Board Meetings	10,000	20,165
3. Office Expenses		72,250
4. Auto Lease and Petrol		53,200
5. Staff Training	5,000	12,500
6. Auditing and Legal		15,000
7. Commodity Handling		73,152
8. Sub-Contracts for T.A.	206,000	57,540
9. Contingency	25,940	59,043
10. Capital Expenses	24,000	125,000
TOTAL	<u>309,340</u>	<u>752,400</u>

E. Reimbursement of Granted Funds:

- (1) It is agreed that all Grant funds hereunder are made available to JADF on a reimbursable basis. Unless A.I.D. otherwise agrees in writing, the Grantee shall reimburse to A.I.D. the total amount of funds drawn down under the Grant. Such reimbursement shall be due on September 30, 1985 and shall be made by JADF pursuant to A.I.D. written instruction issued prior to that date. Reimbursement of U.S. dollars may be made by payment of the equivalent amount of Jamaica dollars.
- (2) The reimbursement of US dollar funds granted hereunder shall be made in that amount of local currency which represents conversion at the highest rate of exchange which is lawful in Jamaica on the date of reimbursement to A.I.D.

F. Reporting and Evaluation:

The Grantee will provide A.I.D. with monthly reports no later than the seventh day following the end of the previous calendar month. In addition, A.I.D. personnel from the Jamaica Mission will meet with JADF staff in Kingston monthly to review the status of the Program to assure that the objectives of the Grant are being met.

G. Special Provision:

1. Any conversion of U.S. dollars to local currency will be made at commercial banks. Conversion will be made at the rate of exchange yielding the greatest number of Jamaican dollars per U.S. dollar which is not unlawful at the time of the conversion.
2. The following provisions of Attachment 3 are inapplicable: 5(A), 7(A), 7(C), 10(B), and 13(A), (B), and (C).

H. Title to Property:

Title to any property procured under this Grant will be vested in the Jamaica Agricultural Development Foundation.

I. Authorized Geographic Code:

Subject to the Order of Preference Rule contained in Standard Provision 10(A), the overall authorized geographic code for procurement of goods and services under this Grant is 935.

J. Alterations to the Standard Provisions (Attachment 3):

Attachment 3, "Standard Provision," is altered to delete Section (a)(3) of Standard Provision No. 1. A new (a)(3) should be inserted to read... "cost principles contained in Federal Procurement Regulation 15.2, entitled "Cost Principles for Commercial Organizations" in effect on the date of this Grant (hereinafter referred to as 'applicable cost principles')."

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PROGRAM DESCRIPTIONI. Proposal Summary

With the assistance of grant financing from A.I.D., the Jamaica Agricultural Development Foundation (JADF) was created on January 5, 1984. Further, A.I.D. intends to grant commodities, subject to their availability, to JADF under P.L. 480 Title II. JADF will use the revenues generated from the sale of these commodities, in processed form, to help build its endowment so that it can respond, as a private sector agricultural foundation, to the need for financing and investment funds in Jamaica's agricultural sector nationwide. The Foundation will do so by making grants and loans and taking equity positions, where indicated, to expand agriculture investments and production. The JADF will provide a needed vehicle for the advancement of education, research and extension in the agricultural sector, as well as serve as an impetus for the expansion of agricultural production in Jamaica.

However, until the JADF receives, processes and sells P.L. 480 commodities, it has no operating funds. In order to ameliorate this situation, this grant provides bridge financing to the JADF for the first five (5) months of the JADF's operation in the amounts of U.S. \$310,000 and approximately J\$752,400. These funds will be repaid to USAID/J in Jamaican dollars, with the value of the U.S. dollar grant in local currency being converted at the highest rate of exchange which is lawful in Jamaica on the date of repayment.

Expenditures authorized under this grant may be made between March 1, 1984 and April 30, 1985. Repayment will be effected by September 30, 1985.

II.A. Staffing

A Jamaican Managing Director who will hopefully be on board by June 1, 1984, and a Jamaican Financial Officer who will be recruited with the help of the Managing Director and be on board by July 1, 1984.

B. Commodities

A technical team of Land O'Lakes specialists in new product marketing, food science, and process engineering performed an in-country investigation and are presently working on a 240 lb. batch of cheese for taste and coloring tests. An initial call-forward for 600

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metric tons of cheese and 800 metric tons of butter is now being processed, with delivery requested for June 1, 1984. Present storage capacities in Jamaica are sufficient to accommodate these quantities. Local production capacity is 65 metric tons of cheese and 60 tons of butter per week. Contractual arrangements for commodity processing will be negotiated presently.

III. PROPOSAL

It is proposed that USAID Jamaica provide the necessary operating funds to support the JADF until such time as the revenues from commodity sales are sufficient to meet operating expenses. It will be necessary to provide a portion of this grant in US dollars in order to pay consulting fees to the two interim managers and pay for U.S. based technical assistance. The illustrative budgets in Section IV of this Attachment 2 and in Attachment 1 give a detailed breakdown of the funds required.

During this five month period the JADF will begin an ongoing consultative process with its Board of Directors, public sector agricultural development and private and voluntary organizations to develop an investment and technical assistance strategy that is consistent with the long-term goals of Jamaica and complementary to other agricultural development programs presently operating in Jamaica. It is anticipated that the JADF will play a unique role in this development, not only because of the non-political, private sector personality of its Board of Directors, but also because it will have access to a wide range of financing instruments including grants, loans, loan guarantees and the ability to take equity positions in its client industries.

It is anticipated that the initial shipment of cheese and butter will arrive in Kingston by June 1, 1984. It is hoped that revenues for these commodities could be realized by August 15, 1984, provided taste tests and labelling designs have been successfully implemented by June 30, 1984.

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IV. ILLUSTRATIVE BUDGET

PROPOSED BUDGET PHASE II J.A.D.F.
MAY 1 TO SEPTEMBER 30, 1984

US\$1 = J\$3.96

	MAY		JUNE		JULY		AUGUST		SEPTEMBER		TOTAL	
	\$ US	JA	US	JA	US	JA	US	JA	US	JA	US	JA
Salaries & Benefits												
Interim Gen. Mgr.	4,440		4,440		4,440		4,440				17,760	
Interim Fin. Mgr.	5,160		5,160		5,160		5,160				20,640	
Perm. Mng. Director				18,750		18,750		18,750		18,750		75,000
Perm. Fin. Mng.						14,650		14,650		14,650		43,950
Secretary		2,500		2,500		2,500		2,500		2,500		12,500
Secretary						2,500		2,500		2,500		7,500
Accountant				4,200		4,200		4,200		4,200		16,800
Legal Counsel		2,000		2,000		2,000		2,000		2,000		10,000
Corporate Secretary		833		833		833		833		833		4,165
Living Exp. for interim st.		27,200		27,200		27,200		27,200				108,800
Board Meetings												
Travel Int'l	1,370		1,370		1,370		1,370		1,370		6,850	
Per Diem		3,000		3,000		3,000		3,000	2,400		2,400	12,000
Misc. Expenses	150		150		150		150		150		750	
Meeting Expenses		1,000		1,000		1,000		1,000				4,000
Office Expenses												
Office Space		6,250		6,250		6,250		6,250		6,250		31,250
Postage		500		500		500		500		500		2,500
Equipment Lease		2,500		2,500		2,500		2,500		2,500		12,500
Depreciation		2,083		3,749		5,415		5,415		5,415		22,077
Supplies		2,000		2,000		2,000		2,000		2,000		10,000
Phone		1,500		1,500		1,500		1,500		1,500		7,500
Utilities		1,500		1,500		1,500		1,500		1,500		7,500
Cleaning		200		200		200		200		200		1,000
Auto Lease & Petrol		8,400		10,000		11,600		11,600		11,600		53,200
Staff Training		2,500		2,500		2,500	2,500	2,500	2,500	2,500	5,000	12,500
Auditing		1,000		1,000		1,000		1,000		1,000		5,000
Commodity Handling				73,152								73,152
1. Sub-contracts for T.A.	121,660	14,280	29,239	8,220					55,101	35,040	206,000	57,540
Sub-total	132,780	79,246	40,359	172,554	11,120	111,598	13,620	111,548	61,521	115,438	259,400	590,434
Contingency	13,279	8,924	4,035	16,255	1,112	11,160	1,362	11,160	6,152	11,544	25,940	59,043
Sub-total	146,059	88,170	44,394	188,809	12,232	122,758	14,982	122,758	67,673	126,982	285,340	649,477
Capital Expense												
2. Office Remodeling		15,000										15,000
Furniture & Equipment		60,000										60,000
Computer & Auto.		50,000	24,000								24,000	50,000
Sub-total		125,000										
Total	146,058	213,170	68,394	188,809	12,232	122,758	14,982	122,758	67,673	126,982	309,340	774,477
Less Depreciation		(2,083)		(3,749)		(5,415)		(5,415)		(5,415)		(22,077)
Grand Total		211,087		185,060		117,343		117,343		121,567	309,340	752,400

Non U.S. Grantees and Non U.S. Subgrantees
NONPROFIT ORGANIZATIONS—OTHER THAN EDUCATIONAL INSTITUTIONS
INDEX OF
STANDARD PROVISIONS

- | | |
|---|---|
| <ul style="list-style-type: none">1. Allowable Costs and Contributions (Nonprofit Organizations—Other Than Educational Institutions)2. Accounting, Audit and Records3. Refunds4. Revision of Financial Plans5. Termination6. Disputes7. Nondiscrimination in Federally Assisted Programs8A. Negotiated Overhead Rates—Predetermined8B. Negotiated Overhead Rates—Nonprofit Organizations Other Than Educational Institutions9A. Payment—Periodic Advance9B. Payment—Reimbursement10. Travel and Transportation11. Ocean Shipment of Goods12A. Procurement of Goods and Services Under \$250,00012B. Procurement of Goods and Services Over \$250,00013. Local Cost Financing With U.S. Dollars14. Government Furnished Excess Personal Property | <ul style="list-style-type: none">15A. Title To and Use of Property (Grantee Title)15B. Title To and Care of Property (U.S. Government Title)15C. Title To and Care of Property (Cooperating Country Title)16. Voluntary Participation17. Prohibition on Abortion-Related Activities18. Voluntary Participation Requirements for Sterilization Programs19. Publications20. Patents21. Regulations Governing Employees Outside the United States22. Subordinate Agreements23. Participant Training24. Health and Accident Coverage for AID Participant Trainees25. U.S. Officials Not to Benefit26. Covenant Against Contingent Fees27. Nonliability28. Amendment29. The Grant30. Notices |
|---|---|

—SEE FOOTNOTES ON PAGE 20—

If the institution is not on a predetermined basis, omit 8A; otherwise use both provisions.

Select only 1 payment provision from Group 9.

Select only 1 procurement provision from Group 12.

Select only 1 title provision from Group 15, if title to all property is vested in one entity; however, if title is to be split by categories among two or more entities, select the appropriate provisions from Group 15 and identify the categories and entities in the Schedule of the Grant.

1. ALLOWABLE COSTS AND CONTRIBUTIONS (NONPROFIT ORGANIZATIONS—OTHER THAN EDUCATIONAL INSTITUTIONS)

(This provision is applicable to nonprofit organizations other than educational institutions.)

(a) The Grantee shall be reimbursed for costs incurred in carrying out the purposes of this grant which are determined by the Grant Officer to be reasonable, allocable, and allowable in accordance with the terms of (1) this grant, (2) any negotiated advance understanding on particular cost items, and (3) cost principles contained in OMB Circular A-122 en-

titled "Cost Principles for Nonprofit Organizations" in effect on the date of this grant (hereinafter referred to as "applicable cost principles").

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

(c) The requirements set forth in this provision are only applicable to costs incurred with funds provided by AID under this grant. Except for paragraph (b) above, the requirements set forth in this provision are

notice an increased amount constituting the total amount then obligated under the grant.

5. TERMINATION

(a) *For Cause.* This grant may be terminated for cause at any time, in whole or in part, by the Grant Officer upon written notice to the Grantee, whenever it is determined that the Grantee has failed to comply with the conditions of the grant.

(b) *For Convenience.* This grant may be terminated for convenience at any time by either party, in whole or in part, if both parties agree that the continuation of the grant would not produce beneficial results commensurate with the further expenditure of funds. Both parties shall agree upon termination conditions, including the effective date and, in the case of partial terminations, the portion to be terminated. The agreement to terminate shall be set forth in a letter from the Grant Officer to the Grantee.

(c) *Termination Procedures.* Upon receipt of and in accordance with a termination notice as specified in either paragraph (a) or (b) above, the Grantee shall forthwith take immediate action to minimize all expenditures and obligations financed by this grant, and shall cancel such unliquidated obligations whenever possible. Except as provided below, no further reimbursement shall be made after the effective date of termination, and the Grantee shall within 30 calendar days after the effective date of such termination repay to the Government all unexpended portions of funds theretofore paid by the Government to the Grantee which are not otherwise obligated by a legally binding transaction applicable to this grant. Should the funds paid by the Government to the Grantee prior to effective date of the termination of this grant, be insufficient to cover the Grantee's obligations pursuant to the aforementioned legally binding transaction, the Grantee may submit to the Government within 90 calendar days after the effective date of such termination a written claim covering such obligations, and, subject to the limitations contained in this grant, the Grant Officer shall determine the amount or amounts to be paid by the Government to the Grantee under such claim in accordance with the applicable Federal cost principles.

6. DISPUTES

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

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

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

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

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

7. NONDISCRIMINATION IN FEDERALLY ASSISTED PROGRAMS

(This provision is applicable to non-U.S. Grantees and non-U.S. Subgrantees when any portion of the program being supported is to be undertaken in the United States.)

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

(1) Title VI of the Civil Rights Act of 1964 (Pub. L. 38-352, 42 U.S.C. 2000-d) which prohibits discrimination on the basis of race, color or national origin, in programs and activities receiving Federal financial assistance.

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

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

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

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

The overhead rate agreement shall not change any monetary ceiling, grant obligation, or specific cost allowance or disallowance provided for in this grant.

(e) Pending establishment of final overhead rates for any period, the Grantee shall be reimbursed either at negotiated provisional rates as provided above or at billing rates acceptable to the Grant Officer, subject to appropriate adjustment when the final rates for that period are established. To prevent substantial over or under payment, the provisional or billing rates may, at the request of either party, be revised by mutual agreement, either retroactively or prospectively. Any such revision of negotiated provisional rates provided in this provision shall be set forth in a modification to this grant.

(f) Any failure by the parties to agree on any final rate or rates under this provision shall be considered a dispute within the meaning of the Standard Provision of the Grant, entitled "Disputes" and shall be disposed of in accordance therewith.

9A. PAYMENT—PERIODIC ADVANCE

(This provision is applicable when (1) the requirements of paragraph 1.0.6. of Chapter 1 of Handbook 13 have been met, and (2) the Grantee has the ability to maintain procedures that will minimize the time elapsing between the transfer of funds and the disbursement thereof, and (3) the Grantee's financial management system meets the standards for fund control and accountability required under the standard provision of this agreement entitled "Accounting, Audit and Records.")

a. Each month (or quarter, if the Grantee is on a quarterly basis) after the initial cash advance, the Grantee shall submit to the AID Controller voucher form SF 1034 (original) and SF 1034-A (three copies), "Public Voucher for Purchases and Services Other Than Personal."

b. Each voucher shall be identified by the appropriate grant number and shall be accompanied by an original and three copies of a report in the following format:

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

- A. Period covered by this report:
FROM (Month, day, year) _____
TO (Month, day, year) _____
Period covered by the next report
FROM (Month, day, year) _____
TO (Month, day, year) _____
- B. Cash Advance Use and Needs
 - 1. Cash advance on hand at the beginning of this reporting period \$ _____

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

FOOTNOTES:

- 1. The Grantee shall submit a cumulative detailed report of disbursements by BUDGET line item quarterly; the monthly cash advance status report does not require a detailed report of disbursements.
- 2. The Grantee shall attach to this summary a detailed projection by BUDGET line item, of its anticipated needs for the next reporting period.

C. Certification

The undersigned hereby certifies: (1) that the report in paragraph B.9 above represents the best estimates of funds needed for the disbursements to be incurred over the period described, (2) that appropriate refund or credit to the Grant will be made in the event of disallowance in accordance with the terms of the Grant or Agreement, (3) that appropriate refund or credit to the Grant will be made in the event funds are not expended, and that any interest accrued on the funds made available herein will be refunded to AID.

DATE _____ BY _____
TITLE _____

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

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

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

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

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

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

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

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

CERTIFICATION OF UNAVAILABILITY OF U.S. FLAG AIR CARRIERS

I hereby certify that the transportation service for personnel (and their personal effects) or property by certificated air carrier was unavailable for the following reason(s): (State appropriate reason(s) 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 Grantee employees traveling within the United States will be reimbursed in accordance with the established policies and practices of the Grantee which are uniformly applied to both federally financed and other activities of the Grantee.

(2) *International Travel*

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

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

11. OCEAN SHIPMENT OF GOODS

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

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

(b) At least 50% of the gross freight revenue generated by shipments of goods purchased under this grant and transported to the Cooperating Country on dry cargo liners shall be paid to or for the benefit of privately owned U.S. flag commercial vessels to the extent such vessels are available at fair and reasonable rates for such vessels.

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

1961, as amended, to give United States small business firms an opportunity to participate in supplying commodities and services procured under this grant, the Grantee shall to maximum extent possible, provide the following information to the Office of Small and Disadvantaged Business Utilization, AID/Washington, D.C. 20523, at least 45 days prior (except where a shorter time is requested of, and granted by, the Office of Small and Disadvantaged Business Utilization) to placing any order or contract in excess of \$25,000:

(1) Brief general description and quantity of goods or services;

(2) Closing date for receiving quotations, proposals, or bids; and

(3) Address where invitations or specifications can be obtained.

(g) Ineligible Suppliers

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

(h) Ocean and Air Transportation

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

12B. PROCUREMENT OF GOODS AND SERVICES OVER \$250,000

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

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

(b) *Procurement of goods.* In order to be eligible under this grant, goods purchased under this grant must be of eligible source and origin, and must satisfy AID's componentry requirements set forth below. In addition, the supplier of commodities must meet the nationality requirements specified in paragraph (d)(1) of this provision.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(B) The corporation or partnership:

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

(2) has performed within the United States administrative and technical, professional or construction services under a contract or contracts for services and derived revenue therefrom in each of the three years prior to the date described in the preceding paragraph, and

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

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

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

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

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

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

(f) *The Cooperating Country as a source.* With certain exceptions, the Cooperating Country is not normally an eligible source for procurement to be paid in U.S. dollars. The exceptions are for ocean freight and marine insurance (see paragraphs (c)(1) and (c)(2) of this provision). The Cooperating Country may be an eligible source if local cost financing is approved either by specific action of the Grant Officer or in the Schedule of the grant. In such cases, the Standard Provision entitled "Local Cost Financing with U.S. Dollars," will apply.

above under this grant, and has received reimbursement for such purpose, the Grantee agrees to refund to AID the entire amount of the reimbursement.

(2) *Restricted goods*

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

- (i) agricultural commodities,
- (ii) motor vehicles,
- (iii) pharmaceuticals,
- (iv) pesticides,
- (v) rubber compounding chemicals and plasticizers,
- (vi) used equipment,
- (vii) U.S. Government-owned excess property, or
- (viii) fertilizer.

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

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

(4) *Nationality*

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

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

eligibility pursuant to paragraph (d) of the provision, entitled "Procurement of Goods and Services over \$250,000."

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

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

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

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

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

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

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

(2) Maintenance Program

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

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

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

(iii) recording of work accomplished under the program.

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

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

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

(d) Risk of Loss

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

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

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

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

(iii) For which the Grantee is otherwise responsible under the express terms of the article or articles designated in the Schedule of this grant.

(iv) Which results from a risk expressly required to be insured under some other provision of

this grant, but only to the extent of the insurance so required to be procured and maintained, or to the extent of insurance actually procured and maintained, whichever is greater; or

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

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

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

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

(i) The lost, destroyed, and damaged Government property;

(ii) The time and origin of the loss, destruction, or damage;

(iii) All known interests in commingled property of which the Government property is a part; and

(iv) The insurance, if any, covering any part of or interest in such commingled property.

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

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

18. VOLUNTARY PARTICIPATION REQUIREMENTS FOR STERILIZATION PROGRAMS

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

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

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

(c) Further, the Grantee shall document the patient's informed consent by (1) a written consent document in a language the patient understands and speaks, which explains the basic elements of informed consent, as set out above, and which is signed by the individual and by the attending physician or by the authorized assistant of the attending physician; or (2) when a patient is unable to read adequately a written certification by the attending physician or by the authorized assistant of the attending physician that the basic elements of informed consent above were orally presented to the patient, and that the patient thereafter consented to the performance of the operation. The receipt of the oral explanation shall be acknowledged by the patient's mark on the certification and by the signature or mark of a witness who shall be of the same sex and speak the same language as the patient.

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

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

19. PUBLICATIONS

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

(a) If it is the Grantee's intention to identify AID's contribution to any publication resulting from this grant, the Grantee shall consult with AID on the nature of the acknowledgement prior to publication.

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

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

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

20. PATENTS

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

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

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

24. HEALTH AND ACCIDENT COVERAGE FOR AID PARTICIPANT TRAINEES

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

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

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

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

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

(1) Within thirty (30) days after enrollment, the Grantee shall send an enrollment fee computed on the basis of the fixed rate per participant per month* (the minimum period for calculation of fee is one

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

month—that is, one participant month, 30 days, not one calendar month—premiums may not be prorated for fractional periods of less than 30 days), to: Agency for International Development, Office of Financial Management, Program Accounting Division, Nonproject Assistance, Washington, D.C. 20523.

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

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

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

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