

PD-ABF-306

OCT 18 1982

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

81011

ORIGINAL

SEP 29 1982

Mr. Samuel Mitchell  
President  
Chicago Association for Commerce and Industry  
130 South Michigan Avenue  
Chicago, Illinois 60603

Subject: AID Cooperative Agreement No. LAC-0619-A-00-2058-00

Dear Mr. Mitchell:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A.I.D." or "Grantor") hereby provides to the Chicago Association for Commerce and Industry (hereinafter referred to as "CACI" or "Recipient") the sum of Two Hundred and Twenty-One Thousand Dollars (\$221,000) to provide financial assistance for a program demonstrating workable ways of linking specific Chicago-area private businesses with opportunities in specific Caribbean Basin nations, and vice-versa, as more fully described in this Cooperative Agreement and the Attachment 2, entitled, "Program Description".

This Cooperative 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 on the estimated completion date of March 31, 1984.

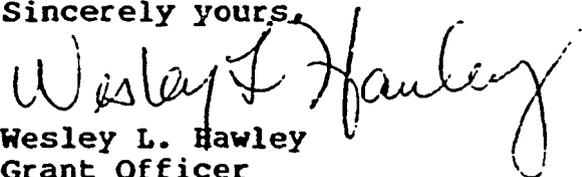
This Cooperative Agreement is made to the Recipient on the condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1 entitled "Schedule", Attachment 2, entitled "Program Description", and Attachment 3 entitled "Standard Provisions", which have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

The total estimated amount of the program is \$749,464, of which \$221,000 is hereby obligated. A.I.D. shall not be liable for reimbursing the Recipient for any costs in excess of the obligated amount. However, subject to the availability of funds, A.I.D. may provide additional funds during the Cooperative Agreement period up to a maximum of an additional \$528,464. It is anticipated that the obligated amount will be sufficient through March 31, 1983.

ORIGINAL

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

Sincerely yours,

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

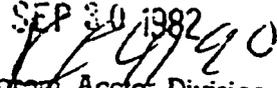
Attachments:

1. Schedule
2. Program Description
3. Standard Provisions

ACKNOWLEDGED:

BY:   
NAME: Samuel R. Mitchell  
TITLE: President  
DATE: 10/14/82

FUNDS AVAILABLE

SEP 30 1982  
  
Program Acctg. Division  
OFFICE OF FINANCIAL MANAGEMENT

FISCAL DATA

Appropriation : 72-1121021.6  
Budget Plan Code : LDAA-82-35598-DG12  
Allotment No. : 246-65-598-00-69-21  
PIO/T No. : 598-619-3-6521351 and A-1  
Project No. : 598-0619  
Total Estimated Amount : \$749,464  
Total Obligated Amount : \$221,000  
IRS Employer Identification  
Number : 36-089600  
Funding Source : AID/W  
Project Monitor : Charles Connolly, LAC/DR

Attachment 1

SCHEDULE

A. Purpose of Agreement

The purpose of this Cooperative Agreement is to provide support for Private Sector Initiatives in the Caribbean Basin, as more specifically described in Attachment 2 to this Agreement entitled "Program Description".

B. Period of Agreement

1. The effective date of this Cooperative Agreement is the date on the Cover Letter. The estimated completion date is March 31, 1984.
2. Funds obligated hereunder are available for program expenditures for the estimated period from the effective date of this Agreement to March 31, 1983 as shown in the Financial Plan below.

C. Amount of Agreement and Payment

1. The total estimated amount of this Cooperative Agreement for the period shown in B.1 above is \$749,464.
2. A.I.D. hereby obligates the amount of \$221,000 for program expenditures during the period set forth in B.2 above and as shown in the Financial Plan below.
3. Payment shall be made to the Recipient in accordance with procedures set forth in Attachment 3, Standard Provision No. 7A, entitled "Payment - Federal Reserve Letter of Credit (FRLC) Advance".
4. Additional funds up to the total amount of this Agreement shown in C.1 above may be obligated by A.I.D. during the Agreement period, subject to the availability of funds, and to the requirements of the Standard Provision of this Agreement, entitled "Revision of Financial Plans".

D. Financial Plan

The following is the Financial Plan for this Cooperative Agreement. The Recipient shall not exceed the grand total of the obligated amount or the total estimated amount, whichever is less. Except as specified in the Standard Provision of this Agreement entitled "Revision of Financial Plans", the Recipient may adjust line item amounts within the grand total as reasonably necessary for the attainment of program objectives.

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<u>Line Item</u>	<u>Obligated Amount</u> <u>Effective Date-</u> <u>03/31/83</u>	<u>Estimated Additional</u> <u>04/01/83-</u> <u>03/31/84</u>	<u>Total Estimated Amount</u> <u>Effective Date-</u> <u>03/31/84</u>
Salaries	\$ 56,000	\$149,374	\$205,374
Consultants	5,000	45,250	50,250
Fringe Benefits	14,000	38,986	52,986
Overhead	55,385	134,797	190,182
Travel & Transportation	14,750	19,150	33,900
Allowances (includes per diem)	12,375	26,225	38,600
Other Direct Costs	38,690	62,682	101,372
Subcontract	<u>24,800</u>	<u>52,000</u>	<u>76,800</u>
<b>TOTAL</b>	<b>\$221,000</b>	<b>\$528,464</b>	<b>\$749,464</b>

**E. Reporting**

**1. Financial Reporting**

Financial reporting requirements shall be in accordance with the Standard Provision of this Agreement entitled "Federal Reserve Letter of Credit (FRLC) Advance".

**2. Program Performance Reporting**

(a) The Recipient shall submit quarterly program performance reports and a final report which briefly present the following information:

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

(ii) Reasons why established goals were not met

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

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

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

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

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

3. The original and two copies of all financial reports shall be submitted to A.I.D., Office of Financial Management, Program Accounting Division (FM/PAD), Washington, D.C. 20523 on a quarterly basis, beginning with the first calendar quarter in which the first disbursement of funds provided by this Agreement occurs. Reports shall be submitted not later than 30 days following the close of each reporting period. In addition, five copies of all financial reports shall be submitted to the Project Monitor specified in the Cover Letter of this Agreement.
4. Five copies of each program performance report shall be submitted to the Project Monitor specified in the Cover Letter of this Agreement in the same frequency as, and simultaneously with, the required financial reports, except that those reports specified in paragraph 2(b) above shall be submitted at any time in which they are applicable.

F. Indirect Cost Rate

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

<u>Type</u>	<u>Rate</u>	<u>Base</u>	<u>Period</u>
Overhead	44%	Total Direct-Costs exclusive of Consultants and Subcontracts	Effective Date of this Agreement until amended

**G. Title to Property**

Title to all property procured under this Agreement shall vest to the Recipient.

**H. Special Provisions**

1. The Standard Provisions contained in Attachment 3 to this Agreement (Form AID 1420-52(2-82)) are modified as set forth in the July 1982 Attachment to AID Forms 1420-51, -52, -53, and -54, entitled "Alterations in Grant", which is attached hereto and made a part of this Agreement.

2. The following Standard Provisions set forth in Attachment 3 of this Agreement are deleted:

- 5A. Negotiated Overhead Rates - Predetermined
- 7B. Payment - Periodic Advances
- 7C. Payment - Reimbursement
- 10B. Procurement of Goods and Services Over \$250,000
- 13B. Title to and Care of Property (U.S. Government Title)
- 13C. Title to and Care of Property (Cooperating Country Title)

3. The Standard Provision set forth in Attachment 3 of this Agreement entitled "Patents" is superseded by the Standard Provision entitled "Patent Rights (Small Business Firms and Nonprofit Organizations) (March 1982) (OMB Circular A-124)", which is attached hereto and made a part of this Agreement.

4. (a) The terms "OMB Circular A-122" and Subpart "1-15.6 of the Federal Procurement Regulations (FPR 1-15.6)" are synonymous.

(b) Subpart 1-15.6 reserves the sections on bid and proposal costs and independent research and development costs. A.I.D. and the Recipient hereby agree upon the following treatment of these costs, pending such time as the FPR is amended to include them.

(i) Bid and proposal costs. Bid and proposal costs are the immediate costs of preparing bids, proposals, and applications for potential Federal and non-Federal grants, contracts and agreements,

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including the development of scientific, costs, and other data needed to support the bids, proposals, and applications. Bid and proposal costs of the current accounting period are allowable as indirect costs. Bid and proposal costs of prior accounting periods are unallowable in the current period. In this regard, bid and proposal costs incurred for the preparation of requests for specific projects and programs are acceptable for recovery as indirect costs. However, proposal costs incurred in the attempt to obtain unrestricted funds are to be treated as fund raising and must be included in the organization's direct cost base. Bid and proposal costs do not include independent research and development costs which are covered by paragraph (2) below, or preaward costs covered by Attachment B, Paragraph 33, of OMB Circular A-122. (FPR 1-15.603-2.)

(ii) Independent research and development costs. Independent research and development is research and development conducted by an organization which is not sponsored by Federal or non-Federal grants, contracts or other agreements. Independent research and development costs must be included in the organization's direct cost base for allocation of its proportionate share of indirect costs. The costs of independent research and development, including its proportionate share of indirect cost, are unallowable under A.I.D. agreements.

5. Standard Provision No. 35 entitled "Workmens' Compensation Insurance" is attached hereto and made a part of this Agreement.
6. It is understood and agreed that the Recipient's accounting system allocates costs on a divisional basis. The Recipient agrees that their accounting system will establish a separate cost code for each division incurring costs under this agreement, and that all costs will be segregated separately. The Recipient further agrees that time sheets shall be kept for all personnel whose labor costs are charged to this Agreement.

PROGRAM DESCRIPTION

A. Purpose of Agreement

The purpose of this Agreement is to provide support for Private Sector Initiatives in the Caribbean Basin, by means of the Recipient demonstrating workable ways of linking specific Chicago-area private businesses with opportunities in specific Caribbean Basin Nations, and vice versa, beginning with two primary countries: Costa Rica and the Dominican Republic.

B. Specific Objectives

The specific objectives of this Agreement are as follows:

1. Research

To investigate the needs of the Dominican Republic and Costa Rica and determine linkages between Chicago and these countries.

2. Promotion

To disperse information about specific Costa Rican and Dominican opportunities to Chicago business persons and vice versa.

3. Technical Assistance in Trade and Investment

To broker specific contacts and link needs of Caribbean Basin and Chicago business persons through import/export and investment specialists.

4. Replication

To develop information about the most promising and appropriate means of linking U.S. and Caribbean Basin business executives for the purpose of trade and investment.

C. Implementation

To achieve the above objectives, the Recipient shall carry out the following activities with funds provided by this Agreement:

1. Research

(a) Conducting market research for products in Chicago in order to determine trading opportunities.

(b) Conducting in-country investigation of specific opportunities for Chicago's businesses as a means of providing incentives to trade or invest.

(c) Working with existing in-country initiatives designed to attract investment and promote exports.

(d) Conducting in-country investigation of investment and export/import needs which may be met by Chicago firms.

(e) Tapping into information gathered through A.I.D.'s Office of Private Enterprise reconnaissance missions. Using computer information services offered by the Department of Commerce, Overseas Private Investment Corporation, World Tech/Control Data, and others.

## 2. Promotion

(a) Establishing a Caribbean Basin Investment and Trade Promotion Center in Chicago, with preliminary emphasis on the Dominican Republic and Costa Rica.

(b) Hiring local representatives in the two primary countries to begin to establish in-country contacts, solicit interest and provide information about the program (see Part F below).

(c) Conducting seminars, lectures, conferences, and workshops on specific opportunities by country, sector and industry, including visits by high officials from Caribbean Basin countries.

(d) Preparing "alert" and "opportunity" sheets for distribution to CACI members and other Chicago business persons.

(e) Receiving trade and investment missions from the two primary countries and organizing visits to those countries.

(f) Arranging for company and plant visits in the Chicago area.

(g) Coordinating appearances by Caribbean Basin firms at local trade shows.

## 3. Technical Assistance in Trade and Investment

(a) Providing political, economic, and cross-cultural training sessions for Chicago and Caribbean Basin business persons.

(b) Conducting training programs on export for Caribbean Basin countries.

(c) Screening specific trade or investment opportunities.

(d) Helping to examine potential partners for both Caribbean Basin and Chicago-based businesses.

(e) Matching opportunities with interested Chicagoans.

(f) Computerizing raw material needs of Chicago industries and matching with possible Caribbean Basin supplies.

(g) Helping to negotiate agreements between Caribbean Basin and Chicago-area firms.

(h) Helping to establish agent or distributorship relations in the Chicago area for products of Costa Rica and the Dominican Republic.

(i) Assisting Chicago businesses in pursuing possible support from international development institutions based in Washington.

(j) Encouraging Chicago banking institutions to finance specific investments and development projects.

4. Replication

(a) Tracking the process of this Chicago/Caribbean Basin Private Sector Initiative.

(b) Using this information to develop a written guidebook for other Chambers of Commerce or other locally-based business organizations to assist them in carrying out their own program to stimulate private sector trade and investment in the Caribbean Basin, or in other developing countries.

D. Indicators

By the end of the Agreement period, it is anticipated that the following will have occurred:

1. Six new products from each primary country will have been sold in the Chicago area.
2. Possible investments of up to \$20,000,000 will have been discussed and negotiated.

3. Twenty serious investment opportunities will have been referred from Costa Rica and the Dominican Republic to interested parties in the Chicago area.
4. Ten bulletins will have been sent out to all CACI members. Seven bulletins will focus on trade, investments, and other business opportunities in Costa Rica and the Dominican Republic, and three will deal with opportunities in other Caribbean and Central American countries.
5. Two trade missions will have been conducted to Costa Rica and two to the Dominican Republic.
6. One general orientation program will have been held for Chicago business persons interested in doing business in each country.
7. One exhibit in Chicago will have been sponsored for each country.

**E. Evaluation**

At the completion of the first year of this Cooperative Agreement, the Recipient and A.I.D. shall review the effort to date, and jointly plan a second phase of activities, if appropriate (see Part F below).

**F. Substantial Involvement Understandings**

It is understood and agreed that A.I.D. will be involved in the following:

1. This Chicago/Caribbean Basin Private Sector Initiative may be carried out in two phases. This Cooperative Agreement is for the first phase only, in which the basic concept, methods, and potential of the program will be examined in Costa Rica and the Dominican Republic. After start-up of these in-country efforts, a modified effort, with A.I.D. consultation and concurrence, may begin in one other Central American and one other Caribbean country. These additional countries will be chosen jointly by A.I.D. and the Recipient, and will be served by the Recipient's in-country resident representatives in Costa Rica and the Dominican Republic.
2. Evaluation of this Chicago/Caribbean Basin Private Sector Initiative will be jointly performed by the Recipient and A.I.D., as indicated in Paragraph E above.

3. A.I.D. retains the right to review the qualifications, and to approve the hiring, of proposed candidates for the in-country resident representatives in Costa Rica and the Dominican Republic.
4. Notwithstanding paragraph (a) of the Standard Provision of this Agreement entitled "Subordinate Agreements", and paragraph (b)(7) of the Standard Provision entitled "Revision of Financial Plans", A.I.D. retains the right to prior approval of all subordinate agreements placed under this Cooperative Agreement.

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STANDARD PROVISION NO. 35

Workmens' Compensation Insurance  
(Defense Base Act)  
(Dec 1977)

- (1) The Recipient before commencing activities under this cooperative agreement shall provide and thereafter maintain such Workmens' Compensation Insurance or security as is required by the Defense Base Act, as amended (42 USC 1651 et seq.).
- (2) Recipient agrees to procure Defense Base Act insurance coverage requirements pursuant to a contract between AID and its insurance carrier; unless, Recipient has a DBA self insurance program approved by the Department of Labor; an approved retrospective rating plan for DBA; entered into a long term agreement for DBA coverage with an underwriter or agent prior to November 14, 1977. However, if it would be economical to cancel the long-term coverage and pay short-term rates, recipient is required to do so.
- (3) If the Recipient secures a waiver of Defense Base Act coverage for its employees who are not citizens of the United States, residents of or hired in the United States, or, AID has secured such a waiver, the Recipient agrees to comply with the conditions of such waiver.
- (4) The Recipient further agrees to insert in all subcontracts and sub-agreements hereunder to which the Defense Base Act is applicable, a clause similar to this clause, including this sentence, imposing on all such subcontractors and subrecipients a like requirement to provide overseas Workers' Compensation Insurance coverage and obtain Defense Base Act coverage under the AID requirements contract.

ALTERATIONS IN GRANT

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

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

"TERMINATION AND SUSPENSION".

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

(d) Suspension: Termination for Changed Circumstances. If at any time AID determines (1) that disbursement by AID would be in violation of applicable law, or (2) that continuation of funding for a program should be suspended or terminated because such assistance is not in the national interest of the United States, then AID may, following notice to the Grantee, suspend this Grant and prohibit the Grantee from incurring additional obligations chargeable to this Grant other than necessary and proper costs in accordance with the terms of this Grant during the period of suspension. If the situation causing the suspension continues to pertain for 60 days or more, then AID may terminate this Grant on written notice to the Grantee and cancel that portion of this Grant which has not been disbursed or irrevocably committed to third parties. Financial settlement of this Grant shall be governed by the termination procedures specified in paragraph (c) above.

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

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

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

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

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

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

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

" (b) No funds made available under this Grant will be used to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilizations as a means of family planning. Epidemiologic or descriptive research to assess the incidence, extent or consequences of abortion is not precluded.

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

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

"(c) Geographic Source and Order of Preference

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(B) The corporation or partnership:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

B.

(8) Special restrictions on procurement of construction or engineering services. Section 604(g) of the Foreign Assistance Act provides that AID funds may not be used for "procurement of construction or engineering services from advanced developing countries, eligible under the Geographic Code 941, which have attained a competitive capability in international markets for construction services or engineering services." In order to insure eligibility of a Code 941 contractor for construction or engineering services, obtain the AID Grant Officer's approval for any such contract."