

PJ-BAB-164

Case C23
633-0228 D-5

Botswana Partnership
for Productivity
(new project)



Agency for
International
Development

Embassy of the United States of America
Post Office Box 80
Gaborone, Botswana
Tel. 53382 and 52401

September 10, 1982

Mr. J. Frederick Swartzendruber
General Manager
Partnership for Productivity/
Botswana
P. O. Box 1440
Gaborone, Botswana

Dear Mr. Swartzendruber:

Subject: Grant No. 633-0228

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 Partnership for Productivity/Botswana (hereby referred to as "PFP" or "Grantee"), the sum of \$452,000 to provide support for its program in Botswana, as described in the Schedule of this grant and the Attachment 2, entitled "Program Description".

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 with the effective date and ending September 9, 1985.

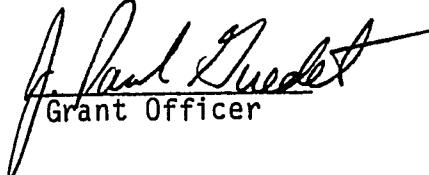
This grant is made to PFP, on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1, the Schedule, Attachment 2, entitled "Program Description", and Attachment 3 entitled "Standard Provisions", which have been agreed to by your organization.

Mr. J. Frederick Swartzendruber

Page 2

Please sign 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 USAID/Botswana.

Sincerely yours,

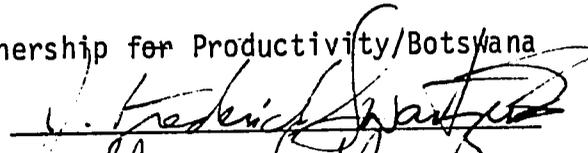

Grant Officer

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions

ACKNOWLEDGED:

Partnership for Productivity/Botswana

BY: 

TITLE: General Manager

DATE: Sept. 10, 1982

FISCAL DATA

Appropriation	:	<u>72-1121037</u>
Budget Plan Code	:	<u>GESA-82-21633-KG 13</u>
Project No.	:	<u>633-0228</u>
Total Estimated Amount:		<u>\$452,000</u>
Total Obligated Amount:		<u>\$452,000</u>

Clearance: JKChopra, Acting Controller 

SCHEDULE

A. Purpose of Grant

The purpose of this Grant is to provide support for the Small Enterprise Development Project, as more specifically described in Attachment 2 to this Grant entitled "Program Description".

B. Period of Grant

1. The effective date of this Grant is September 10, 1982. The expiration date of this Grant is September 9, 1985.

C. Amount of Grant and Payment

1. AID hereby obligates the amount of \$452,000 for purpose of this Grant.

2. Payment shall be made to the Grantee in accordance with procedures set forth in Attachment 3 - Standard Provision 7, entitled "Payment - periodic advance".

D. Financial Plan

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

Financial Plan Overview

	<u>U.S. Dollars</u>	<u>% of Total</u>
a. Total Project Cost	790,451	100%
Total Foreign Exchange Costs	203,632	26%
Total Local Currency Costs	586,819	74%
b. Total USAID Funding	452,000	57%
Total NORAD Funding	184,808	23%
Total BDC Funding	127,009	16%
Total SDC Funding	<u>26,634</u>	<u>4%</u>
TOTAL FUNDING	790,451	100%

Project Total Budget

<u>Cost Element</u>	<u>Total Amount (\$)</u>
1. Personnel	263,122
2. Training	25,049
3. General Operations (PFP/B)	194,486
4. Transportation	154,110
5. Evaluation	22,308
6. Contingency	18,254
7. Direct Services (PFP/I)	<u>113,122</u>
TOTAL	\$790,451

USAID Funded Budget

<u>Cost Element</u>	<u>U.S.A.</u>	<u>Local Currency (Expressed in Dollars)</u>	
1. Personnel (includes direct salary for general manager, which will be paid under PFP/I contract and local staff salaries and emoluments)	\$ 87,360	\$109,230	
2. Training		25,049	
3. General Operation (PFP/ Botswana)		38,827	
4. Transportation (includes petrol, vehicle maintenance, drivers salaries and local per diem)		76,276	
5. Evaluation		16,764	
6. Direct Services (PFP/I)	90,945		
7. Contingency		<u>7,549</u>	
TOTAL	<u>\$178,305</u>	<u>\$273,695</u>	\$452,000

E. Reporting and Evaluation

1. Financial Reporting Requirements

a. The Grantee shall submit to the Controller, USAID, Gaborone, Botswana, the standardized Financial Status Report (SF 269) to report the status of funds for the program. The report will be on an accrual basis. If the Grantee's accounting records are not normally kept on an accrual basis, the Grantee will develop such accrual information through best estimates based on an analysis of the documentation in its possession.

The report will be made on a quarterly basis and will be submitted (an original and two copies) no later than thirty (30) days after the end of last quarterly period. A final report will be submitted no later than 90 days after the completion of the Grant.

b. The Grantee shall submit to the Controller, USAID, Gaborone, Botswana, one original and two copies of the standardized Federal Cash Transactions Report (SF 272) not more than fifteen (15) working days after the end of each quarter.

2. Program Reporting Requirements

a. The Grantee will submit, on a quarterly basis and at the same time as is submitted the Financial Status Report, a performance report for the program. The report should be adequate to provide:

- (1) A comparison of actual accomplishments with the goals established for the period;
- (2) Reasons why established goals were not met;
- (3) Other pertinent information including, when appropriate, analysis and explanation of cost over-runs, problems or delays which will materially affect the ability to attain program objectives or preclude attainment of these objectives within the agreed upon time period.

b. The Grantee will submit a final performance report as outlined above, not more than 90 days after the expiration date of the Grant.

3. Evaluations

a. Annual evaluations will be conducted at the end of each project year. These evaluations will be conducted jointly with USAID and PFP. The purpose of the evaluations will be to do an in-depth assessment of project methods, staff performance and development, client progress and progress toward meeting objectives of the project. These evaluations will provide the basis for mid-course corrections, staff and budget allocations, etc.

b. An end of project evaluation will be conducted jointly with donors and PFP. This evaluation will include a final audit of project expenditures, an analysis of total project performance and client improvements and recommendations regarding future actions to be taken by donors and PFP.

F. Title to Property

Title to property under this Grant shall vest in the Grantee.

G. Authorized Geographic Code

The authorized geographic code for procurement of goods and services under this grant is Code 941.

H. Special Conditions

1. This Grant is based upon the condition that funding from NORAD,

the BDC, and SDC forthcoming as specified in letters annexed to the Project Proposal. Should such funding not be forthcoming, the Grantee will notify USAID/Botswana immediately.

2. The Project Proposal, dated December 1, 1981, is hereby incorporated into this Grant for purpose of guidance in implementing this Project. In cases of conflict between the Project Proposal and any other provisions of this Grant, the provisions of this Grant shall prevail.

3. The source and origin of all goods and services under this Project shall be A.I.D. Geographic Code 941 and Botswana.

4. Prior to any disbursement, or to the issuance of any commitment documents under this Grant, for the Direct Services (PFP/I) or for the general manager, the Grantee shall furnish to A.I.D., in form and substance satisfactory to A.I.D., a copy of the executed contract between the Grantee and PFP/I.

Program Description

I. General

The overall purpose of the project is to implement a program which will have beneficial impact on incomes, employment, living standards and increased goods and services in project areas while concomitantly developing a Botswana staff capacity to address the needs of the productive sector in the long term. The project combines pragmatic, replicable, impact-oriented field methods with training programs based on maximum use of local staff and minimum expatriate substitution.

The specific objectives of the PFP/Botswana Phase II project are as follows:

1. Catalyze small scale productive activities in the Southern District First Communal Development Area (SDC/FCDA) and Old Naledi ward of the Gaborone Town Council.
2. Identify gaps in the economic dynamics of these areas, develop enterprises to fill those gaps, link viable productive activities with available resources and expand overall availability of goods and services in project areas.
3. Develop permanent Botswana staff capable of managing PFP programs and implementing field oriented business start-up and management systems.
4. Increase cooperation with various government and private agencies and act in a complementary manner as a field implementation agency involved in the economic development of Botswana.
5. Continue to provide advisory service in business management extension methodologies to
 - a) the Ministry of Commerce and Industry Business Advisory Service and,
 - b) additional GOB entities, parastatal organizations and private concerns involved in the development of the small productive sector of Botswana.
6. Refine and strengthen PFP's institutionalization as a not-for-profit subsidiary company of the Botswana Development Corporation (BDC).

II. Implementation Plan

The project will be implemented with a staff of ten, two of whom will be field Project Officers hired midway through the second year. Each field component will have separate facilities and staffs, but will come together on a regular basis for training purposes. The Program Development, Training and Advisory Component will assume responsibility for co-ordination and administration of field activities training of staff

and a myriad of support functions. Each component will be implemented as follows:

A. Southern District Rural Component

PFP/B will provide initially two project extension officers who will establish a mobile unit (caravan) base in Goodhope, the administrative center of the FCDA. The office will be supported by a four wheel drive vehicle and driver to allow access year round to all areas of the project target. The use of a caravan office allows minimum implementation time, significant savings over rental or construction, precludes implementation delays caused by an accommodation shortage for the project officers and, most importantly, allows immediate site relocation to the most critical point in the target area.

The territory will include all twelve villages, cattle posts and lands areas which are encompassed in the FCDA corridor. The project officers (one senior and one junior with an additional junior officer added at midpoint) will be responsible for contacting appropriate tribal authorities and for organizing Kgotla meetings in order to explain the program and introduce themselves. This working through and in co-ordination with local authorities is PFP/B's customary mode of operation and has worked well during Phase I. This forms the base for one-to-one services.

The PFP/B Senior Project Officer will be a member of the Production Development Committee and will be responsible for reporting to and co-ordinating with that body. The second Project Officer will sit on relevant Village Development Committees and will co-ordinate activities with them. Both officers will have standards of client loads which will be developed as the project gets underway. A normal client load giving PFP/B's past experience would, at any given time, be about:

- Five to ten active business start-up clients.
- Ten to fifteen active problem-solving (management advice) clients, of which approximately one to five will be credit or loan assistance clients (clients whom PFP/B is assisting to apply for and utilize credit, overdraft, wholesale credit, National Development Bank and/or subsidy grants).

Client loads will continually turn over as producers move from one category to another, are sufficiently skilled to operate enterprises without assistance, discontinue productive enterprise (a reasonable rate of discontinued enterprises is to be expected) or are referred to other agencies for training or assistance.

Project Officers will be working in a wide variety of activities. Broadly speaking, any commercially viable activity, however small, will be considered a business. The program will place emphasis on productive activities identified by Community Development extension staff, the Rural Industrial Officer and Village Development Committees.

Production support activities, such as transportation, producer suppliers and marketers of goods will also be assisted in order to obtain linkages necessary for a viable rural productive activity.

PFP/B will apply a general criteria of working with any activity which can be created or expanded in such a way that it contributes to the FCDA economic development and which is involved in production leading to income and employment generation.

Access to credit sources will be a key part of the program. PFP/B has determined, after extensive discussion and assessment of opportunities, that there are credit resources which can be applied to small productive activities. Rather than propose a credit fund as part of the project, PFP/B intends to assist and act as agent for entrepreneurs hoping to gain access to these sources. Principal amongst these are the National Development Bank's Program of Soft Loans to Commercial and Industrial Projects, and the Financial Assistance Policy. The NDB maintains offices in the heart of the FCDA at Goodhope where the manager has discretionary lending authority on small loans.

A prime objective of the first year evaluation will be to determine if the structure of these and other financing/credit assistance programs is flexible enough to allow sufficient access to small scale production, service and commercial activity. Should the planned facilities prove insufficient, a principal recommendation of the first year evaluation will be to propose a plan whereby appropriate credit can be provided.

B. Old Naledi Paraurban Component

PFP/B will place initially two project officers in Old Naledi who will establish their base in a mobile office on a plot allocated within Old Naledi by SHHA. The office will be supplemented by a third staff project officer programmed to complete initial training and come on line midway through the project. The office will be supported by a light pickup provided from BDC funds. The benefits of cost reduction, expediency and mobility gained by caravan office use are similar to those outlined above for the SDC/FCDA component. This office may be moved from time to time in order to give residents a close exposure to PFP/B operations. Initially, project officers will operate only in Old Naledi. Provided there are sufficient resources, officers may initiate operations in other self-help housing areas as the project evolves.

There is less data on Old Naledi economic realities so the first task of project officers will be to obtain an assessment of existing entrepreneurs (both productive and commercial enterprise) including items produced or sold, services performed, tools and equipment in use, problems experienced by proprietors, extent to which they are engaged in the activity (part time or full time), average sales and profits (where available) and similar data. The officers will also work with SHHA and the VDC to determine additional enterprises which may be desirable, and possible spin-offs of SHHA activities. Enterprises which may be viable for supplying the larger Gaborone market will also be assessed.

Project Officers will then begin working with existing potential enterprises in a manner similar to that described for Southern District. Urban economic realities may dictate that there are relatively less producers and relatively more commercial and service enterprises. This ratio will be determined during development of the project. PFP/B will employ a step-wise approach to working with entrepreneurs in both field areas. This means that the management and technical assistance given will be tailored both to the abilities of the entrepreneur and the realities of the enterprise in an evolving fashion. Care will be taken, for instance, to introduce credit in small amounts so as to build the capacity of the enterprise to absorb additional capital. Prior experience has shown that the more standard approach of obtaining enough credit for optimum operations at the start-up point is unsatisfactory; clients are often unable to manage larger amounts and the enterprise cannot grow rapidly enough to retire debt obligations on a regular basis.

C. Program Development, Advisory and Training Component

PFP/B headquarters in Gaborone will support field operations with program development, training, advisory and administrative assistance. The General Manager, Training Officer, Administrative Assistant/Accountant and Field Supervisor will be based in offices located in the BDC complex in Gaborone. Approximately two-thirds of the time of the General Manager, Training Officer and Field Supervisor will be allocated to field operations. Each of these staff will spend about five days per month in field operations. The remainder of their time will be allocated to training and training preparation functions, performing supporting tasks for field operations in Gaborone and other locations and providing administrative support to the field operations. The Administrative Assistant/Accountant will work primarily in Gaborone and will have training as well as administrative responsibilities. The task of this person is to perform day-to-day administrative functions in order to free management to concentrate on field support.

Administrative functions provided by this component will include staff recruitment and salary/benefits administration, accounting and audit, legal administration operational and policy guidelines, reporting to donors and GOB entities.

The major portion of technical assistance will be provided by the Program Development, Training and Advisory staff and by PFP/International through direct cost as provided for in the accompanying financial plan. Technical assistance to enterprises which entail services not available with PFP will be obtained from appropriate organizations now operating within Botswana. No extra costs are contemplated for these services. The technical services of the PFP/B Training Officer will be obtained by recruiting a volunteer from either CUSO or the Peace Corps (both organizations have agreed to supply candidates).

STANDARD PROVISIONS1. 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 entitled "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 not applicable to costs incurred by the Grantee from non-Federal funds. Such costs will be considered allowable to the extent they conform to the requirements of paragraph (b) above and are incurred for purposes of the grant.

2. ACCOUNTING, AUDIT, AND RECORDS

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

(b) The AID Inspector General and the Comptroller General of the United States or their duly authorized representatives (see paragraph 1I6. of Chapter 1 of Handbook 13) reserve the right to conduct an audit of the Grantee's books and records to determine whether the Grantee has expended AID's funds in accordance with the terms and conditions of this grant. The Grantee agrees to make available any further information requested by AID with respect to any questions arising as a result to the audit.

3. REFUNDS

(a) If use of the AID funds provided hereunder results in accrual of interest to the Grantee or to any other person to whom Grantee makes such funds available in carrying out the purposes of the grant the Grantee shall refund to AID an amount equivalent to the amount of interest accrued.

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

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

4. REVISION OF FINANCIAL PLANS

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

(b) The Grantee shall immediately request approval from the Grant Officer when there is reason to believe that within the next 30 calendar days a revision of the approved Financial Plan will be necessary for any of the following reasons:

1. To change the scope or the objectives of the project or program.
2. Additional funding is needed.
3. The Grantee expects the amount of AID authorized funds will exceed its needs by more than \$5,000 or five percent of the AID award, whichever is greater.
4. The Grantee will change budget line items by more than 10%.
5. The Grantee plans to transfer amounts budgeted for indirect costs to absorb increases in direct costs or vice versa.
6. The Grantee plans to transfer funds budgeted for training allowances (direct payments to trainees) to other categories of expense.
7. The Grantee plans to incur an expenditure which would require approval under the terms of this grant, and was not included in the approved Financial Plan.
8. The Grantee intends to subcontract or subgrant any of the substantive programmatic work under this grant, and such subcontracts or subgrants were not included in the approved Financial Plan.

(c) When requesting approval for budget revisions, the Grantee shall use the budget forms that were used in the application unless a letter request will suffice.

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

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

(f) Except as required by other provisions of this grant specifically citing and stated to be an exception from this provision, the Government shall not be obligated to reimburse the Grantee for costs incurred in excess of the total amount obligated under the grant, and the Grantee shall not be obligated to continue performance under the grant (including actions under the "Termination" provision) or otherwise to incur costs in excess of the amount obligated under the grant, unless and until the Grant Officer has notified the Grantee in writing that such obligated amount has been increased and has specified in such notice an increased amount constituting the total amount then obligated under the grant.

5. NEGOTIATED OVERHEAD RATES - PREDETERMINED

(This provision is applicable to educational or other nonprofit organizations or institutions that are on a predetermined overhead rate basis)

(a) Notwithstanding the provision of this grant entitled "Allowable Costs and Contributions," the allowable indirect costs under this grant shall be obtained by applying predetermined overhead rates to the base(s) agreed upon by the parties, as specified in the Schedule of this grant.

(b) The Grantee, except for educational institutions covered by OMB Circular A-88, as soon as possible but not later than 3 months after the close of each of its accounting periods during the term of this grant, shall submit to the AID Grant Officer with copies to the cognizant audit activity, the AID Inspector General, and the AID Overhead and Special Costs Branch, Services Operations Division, Office of Contract Management, AID/Washington, D.C. 20523, a proposed predetermined overhead rate or rates based on the Grantee's actual cost experience during that fiscal year, together with supporting cost data. Negotiation of predetermined overhead rates by the Grantee and the AID Grant Officer shall be undertaken as promptly as practicable after receipt of the Grantee's proposal.

(c) Allowability of costs and acceptability of cost allocation methods shall be determined in accordance with the provisions of the applicable cost principles in effect on the date of this grant.

(d) Predetermined rates appropriate for the work under this grant in effect on the effective date of this grant shall be incorporated into the grant. Rates for subsequent periods shall be negotiated and the results set forth in a written overhead rate agreement executed by the parties. Such agreement shall be automatically incorporated into this grant upon execution and shall specify (1) the agreed predetermined overhead rates, (2) the base(s) to which the rates apply, (3) the fiscal year unless the parties agree to a different period for which the rates apply, and (4) the specific items treated as direct costs or any changes in the items previously agreed to be direct costs. 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 predetermined overhead rates for any fiscal year or different period agreed to by the parties, the Grantee shall be reimbursed either at the rates fixed for the previous fiscal year or other period or at billing rates acceptable to the AID Grant Officer subject to appropriate adjustment when the final rates for the fiscal year or other period are established.

(f) Any failure by the parties to agree on any predetermined overhead rates or rates under this provision shall not be considered a dispute within the meaning of the "Disputes" provision of this grant. If for any fiscal year or other period specified in the grant the parties fail to agree to a predetermined overhead rate or rates, it is agreed that the allowable overhead costs under this grant shall be obtained by applying negotiated final overhead rates in accordance with the terms of the applicable "Negotiated Overhead Rates" provision of this grant.

6. NEGOTIATED OVERHEAD RATES - NONPROFIT ORGANIZATION - OTHER THAN EDUCATIONAL INSTITUTIONS

(This provision is applicable to nonprofit organizations which do not have predetermined rates; however, it shall also be included when the NEGOTIATED OVERHEAD RATES - PREDETERMINED provision is used, under the conditions set forth therein)

(a) Pursuant to this provision, an overhead rate shall be established for each of the Grantee's accounting periods during the term of this Grant. Pending establishment of a final rate, the parties have agreed that provisional payments on account of allowable indirect costs shall be at the rates(s), on the base(s), and for the period shown in the Schedule of this grant.

(b) The Grantee, as soon as possible but not later than 90 days after the close of each of its accounting periods during the term of this grant shall submit to the Grant Officer with copies to the Overhead and Special Cost Branch, Services Operations Division, Office of Contract Management, AID Washington, D.C., and to the Office of the Inspector General, AID/Washington, D.C. a proposed final rate or rates for the period, together with supporting cost data. Negotiation of final overhead rates by the Grantee and the Grant Officer shall be undertaken as promptly as practicable after receipt of the Grantee's proposal.

(c) Allowability of costs and acceptability of cost allocation methods shall be determined in accordance with OMB Circular A-22 (Cost Principles for Nonprofit Organizations) as in effect on the date of this grant.

(d) The results of each negotiation shall be set forth in a written overhead rate agreement executed by both parties. Such agreement shall specify (1) the agreed final rates, (2) the bases to which the rates apply, and (3) the periods for which the rates apply. 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 with the meaning of the Standard Provision of this Grant, entitled "Disputes," and shall be disposed of in accordance therewith.

7. PAYMENT -- PERIODIC ADVANCE

(This provision is applicable when (1) the requirements of paragraph 1.0.6. of Chapter 4 of this Handbook 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 or cooperative agreement 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: Period covered by the next report:

FROM (Month, day, Year) _____ FROM (Month, day, year) _____
TO (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 P _____
- 2. U. S. Treasury check advance (s) received during this reporting period P _____
- 3. Interest earned on cash advance during this reporting period P _____
- 4. GROSS cash advance available during this reporting period (Lines 1, 2, & 3) P _____
- 5. LESS, interest remitted to AID during this reporting period P _____
- 6. NET cash advance available during this reporting period (Line 4 minus Line 5) P _____
- 7. Total disbursements during this reporting period, including subadvances (see footnote 1) P _____
- 8. Amount of cash advances available at the end of this reporting period (Line 6 minus Line 7) ... P _____

9. Projected disbursements, including subadvances, for the next reporting period (see footnote 2) P _____

10. Additional cash advance requested for the next reporting period (Line 9 minus Line 8) P _____

11. Total interest earned on cash advance from the start of the Grant or Cooperative Agreement to the end of this reporting period, but not remitted to AID P _____

12. Total cash advances to subgrantees, if any, as of the end of this reporting period P _____

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, (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.

BY _____

DATE _____ TITLE _____

c. AID funds shall not be commingled with other Grantee owned or controlled funds. The Grantee shall deposit all AID cash advances in a separate bank account and shall make all disbursements for goods and services from this account.

8. NONDISCRIMINATION IN FEDERALLY ASSISTED PROGRAMS

(This provision is applicable to non-U.S. Grantee and non-U.S. Subgrantee 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 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. 88-352, 42 U.S.C. 2000-d) which prohibits discrimination on the basis of race, color or national origin, in programs and activities receiving Federal financial assistance.

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

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

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

9. TRAVEL AND TRANSPORTATION

(This provision is applicable when domestic or international air travel or shipment costs are reimbursable under the grant)

(a) The Grant Officer hereby approves international travel to be reimbursed under this grant provided that the Grantee shall obtain written concurrence from the cognizant Project Officer in AID prior to sending any individual outside the United States to perform work under the grant. For this purpose the Grantee shall advise the Project Officer at least 30 days in advance of any travel to be undertaken outside of the United States. After concurrence is received the Grantee shall provide the cognizant Mission or U.S. Embassy advance notification (with a copy to the Project Officer) of the arrival date and flight identification of grant-financed travelers.

(b) Travel to certain countries shall, at AID's option, be funded from U.S. - owned local currency. When AID intends to exercise this option, it will so notify the Grantee after receipt of advice of intent

to travel, required above. AID will issue a Government Transportation Request (GTR) which the Grantee may exchange for tickets, or AID will issue the tickets directly. Use of such U.S.-owned currencies will constitute a dollar charge to this grant.

(c) All international air travel and all international air shipments funded under this grant shall be made on United States flag air carriers (hereinafter referred to as "certificated air carriers"), to the extent service by such carriers is available in accordance with paragraphs (d) and (e) below:

The terms used in this provision have the following meanings:

(1) "International air transportation" means transportation of persons (and their personal effects) or property by air between a place in the United States and a place outside thereof or between two places both of which are outside the United States.

(2) "U.S. flag air carriers" means one of a class of air carriers holding a certificate of public convenience and necessity issued by the Civil Aeronautics Board, approved by the President, authorizing operations between the United States and/or its territories and one or more foreign countries.

(3) The term "United States" includes the fifty states, Commonwealth of Puerto Rico, possessions of the United States, and the District of Columbia.

(d) Passenger or freight service by a certificated air carrier is considered "available" even though:

(1) Service by noncertificated air carrier can be paid for in excess foreign currency, or

(2) Service by a noncertificated air carrier is preferred by the agency or traveler needing air transportation, or

(3) Service by a noncertificated air carrier is more convenient for the agency or traveler needing air transportation.

(e) Passenger service by a certificated air carrier will be considered to be "unavailable":

(1) When certificated air carriers offer only first class service, and less than first class service is available from noncertificated air carriers, or

(2) When the traveler, while en route, has to wait 6 hours or more to transfer to a certificated air carrier to proceed to the intended destination, or

(3) When any flight by a certificated air carrier is interrupted by a stop anticipated to be 6 hours or more for refueling, reloading, repairs, etc., and no other flight by a certificated air carrier is available during the 6 hour period, or

(4) When by itself or in combination with other certificated or noncertificated air carriers (if certificated air carriers are "unavailable") it takes 12 or more hours longer from the original airport to the destination airport to accomplish the agency's mission than would service by a noncertificated air carrier or carriers.

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

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

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

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

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

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

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

(g) Where U.S. Government funds are used to reimburse the 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.

10. PROCUREMENT OF GOODS AND SERVICES UNDER \$250,000

(a) Ineligible Goods and Services

Under no circumstances shall the Grantee procure any of the following under this grant:

- (1) military equipment,
- (2) surveillance equipment,
- (3) commodities and services for support of police or other law enforcement activities,
- (4) abortion equipment and services,
- (5) luxury goods and gambling equipment, or
- (6) weather modification equipment

If AID determines that the Grantee has procured any of the ineligible goods and services specified above under this grant, and has received reimbursement for such purposes, the Grantee agrees to refund to AID the entire amount of the reimbursement.

(b) Restricted Goods

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

- (1) agricultural commodities,
- (2) motor vehicles,
- (3) pharmaceuticals,
- (4) pesticides,
- (5) rubber compounding chemicals and plasticizers,
- (6) used equipment,
- (7) U.S. Government-owned excess property, or
- (8) fertilizer.

If 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.

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

(d) Application of Order of Preference

When the Grantee procures goods and services from other than U.S. sources, under the order of preference in 10(c) above, it shall document its files to justify each such instance. The documentation shall set forth the circumstances surrounding the procurement and shall be based on one or more of the following reasons, which will be set forth in the Grantee's documentation:

If AID determines that the Grantee has procured any of the ineligible goods and services specified above under this grant, and has received reimbursement for such purposes, the Grantee agrees to refund to AID the entire amount of the reimbursement.

(1) The procurement was of an emergency nature, which would not allow for the delay attendant to soliciting U.S. sources,

(2) The price differential for procurement from U.S. sources exceeded by 50% or more the delivered price from the non-U.S. source,

(3) Impelling local political considerations precluded consideration of U.S. sources.

(4) The goods or service were not available from U.S. sources, or

(5) Procurement of locally available goods or services, as opposed to procurement of U.S. goods and services, would best promote the objectives of the Foreign Assistance program under the grant.

(e) The Grantee's Procurement System

(1) The Grantee may use its own procurement policies and procedures provided they conform to the geographic source and order of preference requirements of this provision and paragraphs 1U.3.a., b., and c. of Chapter 1, AID Handbook 13.

(2) If the Grantee's procurement policies and procedures have been reviewed against the procurement requirements of paragraph 1U.3.a., b., and c. and have been approved by AID or another Federal department or agency, the Grantee shall furnish the Grant Officer a copy of such approval; otherwise the Grantee's procurement policies and procedures shall conform to those specified in paragraph 1U.3.a., b., and c. of Chapter 1, AID Handbook 13.

(f) Small Business

To permit AID, in accordance with the small business provisions of the Foreign Assistance Act of 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.

(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."

11. LOCAL COST FINANCING WITH U.S. DOLLARS

(a) Local cost financing is the use of U.S. dollars to obtain local currency for the procurement of goods and services in the Cooperating Country in furtherance of the purpose of the grant. Local cost financing must be specifically authorized in the schedule of the grant. The amount of U.S. dollars which may be used must be specified in the authorization, together with any special restrictions on their use.

(b) Procurement of goods and services under local cost financing is subject to the following restrictions:

(1) Ineligible goods and services

Under no circumstances shall the Grantee procure any of the following under this grant:

- (i) military equipment,
- (ii) surveillance equipment,
- (iii) commodities and services for support of police or other law enforcement activities,
- (iv) abortion equipment and services,
- (v) luxury goods and gambling equipment, or
- (vi) weather modification equipment.

If AID determines that the Grantee has procured any of the ineligible goods and services specified 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 nonfree world country.

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

12. GOVERNMENT FURNISHED EXCESS PERSONAL PROPERTY

(This provision applies when personal property is furnished under the grant)

The policies and procedures of Handbook 16, "Excess Property," and the appropriate provisions of 41 CFR 101-43 apply to the Government furnished excess property under this grant.

13. TITLE TO AND USE OF PROPERTY (GRANTEE TITLE)

(This provision is applicable when the Government vests title in the Grantee only)

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

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

(b) The Grantee agrees to use and maintain the property for the the purpose of the grant in accordance with the requirements of paragraph 1T of chapter 1, Handbook 13.

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

(1) To report such items to the Grant Officer from time as they are acquired and to maintain a control system which will permit their ready identification and location.

(2) To transfer title to any such items to the Government in accordance with any written request therefore issued by the Grant Officer at any time prior to final payment under this grant.

14. CONVERSION OF UNITED STATES DOLLARS TO LOCAL CURRENCY

Upon arrival in the Cooperating Country, and from time to time as appropriate, the Grantee's Chief of Party shall consult with the Mission Director who shall provide, in writing, the procedure the Grantee and its employees shall follow in the conversion of United States dollars to local currency. This may include, but is not limited to, the conversion of said currency through the cognizant United States Disbursing Officer or Mission Controller, as appropriate.

15. TERMINATION AND SUSPENSION

(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.

(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.

16 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.

17. REGULATIONS GOVERNING EMPLOYEES OUTSIDE THE UNITED STATES

(This provision is applicable only to the Grantee's U.S. and third country national employees; it is not applicable to the Grantee's Cooperating Country national employees.)

(a) The Grantee's employees, when employed in work overseas, shall maintain private status and may not rely on local U.S. Government Offices of facilities for support while so engaged.

(b) The sale of personal property or automobiles by Grantee employees and their dependents in the foreign country to which they are assigned shall be subject to the same limitations and prohibitions which apply to direct-hire AID personnel employed by the Mission, except as this may conflict with host government regulations.

(c) Other than work to be performed under this grant for which an employee or consultant is assigned by the Grantee, no regular or short term employee or consultant of the Grantee shall engage directly or indirectly, either in his/her own name or in the name or through an agency of another person, in any business, profession, or occupation in the foreign countries to which he/she is assigned, nor shall he/she make loans or investments to or in any business, profession or occupation in the foreign countries to which he/she is assigned.

(d) The Grantee's employees, while in a foreign country, are expected to show respect for its conventions, customs, and institutions, to abide by its applicable laws and regulations, and not to interfere in its internal political affairs.

(e) In the event the conduct of any Grantee employee is not in accordance with the preceding paragraphs, the Grantee's chief of party shall consult with the Mission Director and the employee involved and shall recommend to the Grantee a course of action with regard to such employee.

(f) The parties recognize the right of the U.S. Ambassador to direct the removal from a country of any U.S. citizen or the discharge from this grant to any third country national when, in the discretion of the Ambassador, the interests of the United States so require.

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

18. SUBORDINATE AGREEMENTS

(a) The placement of subordinate agreements (i.e., grants or contracts)

with other organizations, firms or institutions, and the provisions of such subordinate agreements are subject to prior written consent of the Grant Officer unless such subordinate agreements were identified in the approved Financial Plan, in accordance with paragraph (b)(7) of the Standard Provision of this grant entitled "Revision of Financial Plans".

(b) The use of the Standard Provisions of this grant is mandatory for subgrants to U.S. institutions. For subgrants to foreign institutions the Grantee shall use the Standard Provisions set forth in Appendix 4D of Handbook 13.

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

19. SALARIES

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

20. INELIGIBLE COUNTRIES

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

21. 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.

22. USE OF POUCH FACILITIES

(a) Use of diplomatic pouch is controlled by the Department of State. The Department of State has authorized the use of pouch facilities for AID Grantees and their employees as a general policy.

As detailed in items (1) through (7) below; however, the final decision regarding use of pouch facilities rests with the Embassy or AID Mission. In consideration of the use of pouch facilities as hereinafter stated, the Grantee and its employees agree to indemnify and hold harmless the Department of State and AID for loss or damage occurring in pouch transmission.

(1) Grantees and their employees are authorized use of the pouch for transmission and receipt of up to a maximum of two pounds per shipment of correspondence and documents needed in the administration of assistance programs.

(2) U.S. citizen employees are authorized use of the pouch for personal mail up to a maximum of one pound per shipment (but see (a)(3) below).

(3) Merchandise, parcels, magazines, or newspapers are not considered to be personal mail for purposes of this clause, and are not authorized to be sent or received by pouch.

(4) Official mail pursuant to (a)(1) above, sent by pouch should be addressed as follows:

Name of individual or organization (followed by letter
symbol "C")
Name of Post (USAID/_____)
Agency for International Development
Washington, D.C. 20523

(5) Personal mail pursuant to (a)(2) above should be to the address specified in (a)(4) above, but without the name of the organization.

(6) Mail sent via the diplomatic pouch may not be in violation of U.S. Postal laws and may not contain material ineligible for pouch transmission.

(7) AID Grantee personnel are not authorized use of military postal facilities (APO/FPO). This is an Adjutant General's decision based on existing laws and regulations governing military postal facilities and is being enforced worldwide. Posts having access to APO/FPO facilities and using such for diplomatic pouch dispatch may, however, accept official mail from Grantees and letter mail from their employees for the pouch, provided of course, adequate postage is affixed.

(b) The Grantee shall be responsible for advising its employees of this authorization and these guidelines and limitations on use of pouch facilities.

(c) Specific additional guidance on Grantee use of pouch facilities in accordance with this clause is available from the Post Communication Center at the Embassy or AID Mission.

23. U.S. OFFICIALS NOT TO BENEFIT

No member of or delegate to the U.S. Congress or resident U.S. Commissioner shall be admitted to any share or part of this grant or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this grant if made with a corporation for its general benefit.

24. COVENANT AGAINST CONTINGENT FEES

The Grantee warrants that no person or selling agency has been employed or retained to solicit or secure this grant upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee except bona fide employees or bona fide established commercial or selling agencies maintained by the Grantee for the purpose of securing business. For breach or violation of this warranty, AID shall have the right to cancel this grant without liability or, in its discretion, to deduct from the grant amount, or otherwise recover, the full amount of each commission, percentage, brokerage, or contingent fee.

25. NON-LIABILITY

AID does not assume liability with respect to any third party claims for damages arising out of work supported by this Grant.

26. AMENDMENT

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

27. THE GRANT

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

28. NOTICES

Any notice given by any of the parties hereunder, shall be sufficient only if in writing and delivered in person or sent by telegraph, cable, registered or regular mail as follows:

To the AID Grant Officer, at the address specified in the grant,

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

or to such other address as either of such parties shall designate by notice given as herein required. Notices hereunder shall be effective when delivered in accordance with this provision, or on the effective date of the notice, whichever is later.