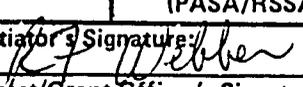
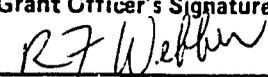


PART ONE: COMPLETE EACH BLOCK FOR BOTH NEW ASSISTANCE/ACQUISITION AND MODIFICATION ACTIONS

3. Contract/Agreement Number: 521-0179-G- 96 -5039-00		PD FAR 172											
4. Contractor/Recipient Name: CARE		5. Organization Symbol: CARE											
6. Project Title: Crafts Export Promotion Project													
7. Project Officer's Name: R. Moyers		8. Organization Symbol: OPED											
9. Requisitioning Document ID No: PIO/T 521-0179-3-50103		19. Budget Plan Code: LDAA-85-25521-DG13											
10. TYPE OF ACTION: A. New Acquisition/Assistance <input checked="" type="checkbox"/> A B. Continuation of activities set forth in a contractual document C. Revision of work scope/purpose of award		20. Country or Region of Performance: Haiti											
11. Amount of this PIO/T: U.S. \$ 917,000		21. Total Estimated Cost of the Contractual Document: U.S. \$ 917,000											
12. Amount Obligated/Subobligated/Deobligated by this Action: U.S. \$ 917,000		22. Amount of Non-Federal Funds Pledged to the Project: U.S. \$ -0-											
13. Cumulative Obligation: U.S. \$ 917,000		23. Effective Date of this Action: 07 / 31 / 85											
14. This Action Funded Through: 07 / 31 / 87		24. Estimated Completion/Expiration Date: 07 / 31 / 87											
15. Date Contractual Documents Signed by AID Official: 07 / 31 / 85		25. Contractor DUNS Number: <table border="1" style="width:100%; height: 15px;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>											
16. Incrementally Funded Contract: No		26. Consultant Type Award: No											
17. Host Country/Counterpart Inst. (Univ. Contracts) N/A		27. Number of Person Months (PASA/RSSA only) N/A											
18. Campus Coordinator (Univ. Contracts) N/A		28. Number of Persons (PASA/RSSA only) N/A											
29. Negotiator's Typed Name: R. Webber		30. Negotiator's Signature: 											
31. Date Signed: 09 / 26 / 85		32. Contract/Grant Officer's Organization Symbol: CSO											
33. Contract/Grant Officer's Signature: 		34. Date Signed: 09 / 26 / 85											

PART TWO: COMPLETE EACH BLOCK FOR NEW ASSISTANCE/ACQUISITION ACTIONS ONLY

35. CONTRACT TYPE: A. Fixed Price (Specify: FFP, FPRD, FPEPA, FPI) <input checked="" type="checkbox"/>  B. Cost Reimbursement (Specify: CR, CPPF, CS, CPAF, CPIF) C. IQC & Requirements Contracts D. Other		37. SUBJECT TO STATUTORY REQUIREMENT: <input checked="" type="checkbox"/> E A. Walsh-Healey Act, Manufacturer* B. Walsh-Healey Act, Regular Dealer* C. Service Contract Act (U.S. ONLY - Guards, Maintenance, Laborers) D. Davis-Bacon Act (Construction) E. Not subject to Walsh-Healey; Service Contract or Davis-Bacon Act (Most AID Contracts) * Equipment, Supplies, Materials, and Commodities	
36. ADVANCE: A. No Advance <input checked="" type="checkbox"/> B B. Advance Non-FRLC C. Advance FRLC		38. Country of Manufacture: Haiti	

39. CURRENCY INDICATOR: A. U.S. Dollar B. Local Currency C. Combination D. Unfunded	A	45. LABOR SURPLUS AREA PREFERENCE: <input checked="" type="radio"/> Labor Surplus Area A. No Preference B. Tie Bid Preference C. Total Set Aside D. Not a Labor Surplus Area Preference Award	D	
40. SUBCONTRACTS: Is There a Provision for a Subcontract? NO (Contracts only)				
41. TYPE SERVICE: A. Training of Participants B. Technical Assistance to Host Country (Program, Project related except A&E Services) C. A&E Services D. Construction E. Research F. Technical Services to AID (other than training; usually operating expense) G. Training Service for AID H. Equipment, Materials, Supplies, Commodities I. Translation Service	B	46. Number of Bidders Offering Items or Services of Foreign Content: N/A		
42. CONTRACT/AGREEMENT SOURCE: A. U.S. Contractor/Grantee B. Non-U.S. Contractor/Grantee C. Combination of A & B	A	47. TYPE OF BUSINESS: A. Source: Non-U.S. and Used Outside U.S. & Possessions B. Source: Non-U.S. and Possessions (Foreign Purchases Used Inside U.S.) (If U.S. Source, complete C through Q) C. Firm – Profit Making & PSC's <input checked="" type="radio"/> Non-Profit Organizations D. Private Educational Organizations E. Hospitals F. Research Institutions, Foundations, and Laboratories G. Other <input checked="" type="radio"/> Private Voluntary Organizations H. U.S. Registered I. U.S. Non-Registered J. Foreign <input checked="" type="radio"/> State/Local Government K. Educational Institutions L. Hospitals M. Research Organizations N. Other O. International Agricultural Research Organizations P. Public International Organizations Q. U.S. Cooperatives	H	
43. SELECTION PROCEDURES: A. Formally Advertised B. Negotiated Price Competition, General Procedure C. A&E D. Ed. Inst. and/or Int'l. Research E. Collaborative Assistance F. Predominant Capability G. Unsolicited Proposal H. Procurement to be Performed by the Contractor in Person I. Sole Source J. Impairment of Foreign Policy Objectives K. 8(a) Selection <input checked="" type="radio"/> Grant/Cooperative Agreement L. Competitive M. Noncompetitive N. Small Business Set Aside O. Overseas Procuring Activities P. Institution Building/Strongthening	M	48. Women Owned Business? No		
44. TYPE OF AMERICAN OWNERSHIP: <input checked="" type="radio"/> Minority A. Asian/Pacific Islander B. Black American C. American Alouts or Eskimos D. American Indian E. Hispanic F. Other (Specify) _____ G. Non-Minority	G	49. TYPE AWARD: <input checked="" type="radio"/> Small Business A. Not Set Aside B. Partial Set Aside C. Total Set Aside D. Personal Service Contract E. Individual Non-Personal Service Contract F. U.S. Government G. University H. Other Non-Profit Organizations I. Large Businesses	H	

2



UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT

MISSION TO HAITI

For U.S. MAIL:

USAID / HAITI

Department of State

Washington, D.C. 20520

For INTERNATIONAL MAIL:

USAID / HAITI

P.O. Box 1634

Port-au-Prince, Haiti, W.I.

JUL 31 1985

OFFICE OF THE DIRECTOR

Mr. Timothy S. Aston
Director
CARE/Haiti
21, Ave. Marie-Jean
Cit  de l'Exposition
Port-au-Prince, Haiti

Dear Mr. Aston:

SUBJECT: Grant No. 521-0179-G-00-5039-00

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "AID" or "Grantor") hereby grants to the Cooperative for American Relief Everywhere (hereinafter referred to as "CARE" or "Grantee") the sum of Nine Hundred and Seventeen Thousand United States Dollars (U.S. \$ 917,000) to provide support for improvement in the development, production, and commercial marketing of export quality Haitian crafts as more fully described in 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 through the estimated completion date of July 31, 1987.

This grant is made to CARE on the condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1, the Schedule; Attachment 2, the Program Description; Attachment 3, the Standard Provisions and Alterations to the Standard Provisions; and Attachment 4, Assurance of Compliance which have been agreed to by your organization.

3

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 this office.

Sincerely yours,

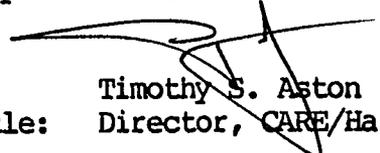

Jerome French
Director

Attachments:

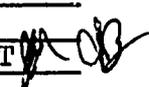
1. Schedule
2. Program Description
3. Standard Provisions
4. Assurance of Compliance

ACKNOWLEDGED:

Cooperative for American Relief Everywhere


By: Timothy S. Aston
Title: Director, CARE/Haiti

FISCAL DATA

Appropriation: 72-1151021.6
Allowance: LDAA-85-25521-DG13
PIO/T No.: 521-0179-3-50103
Project No.: 521-0179
Total Grant Amount: \$ 917,000
Amount Obligated: \$ 917,000
Funding Source: USAID/Haiti
Funds Available: _____, CONT 
Date: 7/29/85

SCHEDULE

A. Period of Agreement

1. The effective date of this Grant is the signature date by the Mission Director as shown on the cover letter, and the estimated completion date is July 31, 1987.
2. Funds obligated hereunder are available for program expenditures for the estimated periods of August 1, 1985 to July 31, 1987 as shown in the financial plan below.

B. Amount of Agreement and Payment

1. A.I.D. hereby obligates the amount of \$ 917,000 for the purposes of this Grant.
2. Payment will be made to the Grantee in accordance with the procedures set forth in Attachment 3, Standard Provisions and Alterations to the Standard Provisions entitled "Payment - Letter of Credit (August 1984)."

C. Financial Plan

1. The following is the Financial Plan for this Grant. Revisions to this plan shall be made in accordance with the Standard Provision entitled "Revision of Agreement Budget."

	<u>Cost Element</u>	<u>Obligated Amount</u>
I.	T.A. (Salaries and Support Costs)	\$ 484,000
II.	Operational Costs	108,000
III.	Materials and Equipment	225,000
IV.	Evaluation	15,000
V.	Audit	7,000
VI.	Overhead (9.38% of direct costs)	78,000
		<hr/>
		\$ 917,000

2. The Grantee may not exceed the obligated amount set forth; adjustments of more than 15% among the line items should receive prior A.I.D. concurrence.

D. Reporting Requirements

The Grantee shall submit the following reports, in English, at the time and quantities specified.

1. Annual Workplans

The Grantee shall submit an annual workplan for each year of project implementation within four (4) weeks of the commencement of each year of operations. The workplan shall contain detailed descriptions of planned activities regarding each project component and projected impact of such activities on the achievement of project objectives.

2. Annual Marketing Plans

The Grantee shall submit an annual marketing plan for each year of project implementation within four (4) weeks of the commencement of each year of operations. The marketing plan shall contain detailed descriptions of the project's proposed marketing and promotional efforts and the projected impact of such activities on the achievement of project objectives.

3. Annual Business Plans

The Grantee shall submit an annual business plan for each year of project implementation within four (4) weeks of the commencement of each year of operations. The business plan shall contain detailed analysis of the project's budgetary and operational requirements, staffing requirements and any proposed changes in project implementation strategy.

4. Annual Reports

The Grantee shall submit an annual report for each year of project operations. This report shall summarize activities undertaken during each year of project operations and include at a minimum, the following subjects: progress to date, achievements toward the goal and purpose of the project, special implementation problems, and progress achieved under each project component. The report shall also include a separate section containing information on employment generated, geographic distribution of employment, level of investment required per job, annual sales for each participant, and other relevant data necessary to determine the overall impact of the project.

5. Financial Reports

The Grantee shall submit to the responsible A.I.D. controller all reports required under the Standard Provision entitled "Payment - Letter of Credit (August 1984)."

b

6. Special Reports

The Grantee shall provide special reports as requested.

6. Three copies of each report shall be submitted.

E. Establishment of Overhead Rates

Pursuant to the applicable standard provision of this Grant on negotiated rates, the overhead rate applicable to this agreement shall be as follows:

<u>Base</u>	<u>Rate</u>
Direct Costs	9.38%

F. Alterations and Additions to Standard Provisions

Delete the following Standard Provisions:

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

PROJECT DESCRIPTION

I. Purpose of Grant

The purpose of this grant is to provide assistance to CARE to establish of a Crafts Export Resource Center (CERC) which will provide export oriented support services and technical assistance to crafts producers in Haiti. The proposed center will provide assistance to Haitian crafts producers in the development, production, and marketing of product designs to provide the basis for expanded export production and penetration of external markets on an economically viable basis. The ultimate goal of this project is to create increased employment opportunities, particularly in Haiti's rural areas, while generating foreign exchange earnings.

II. Description of Activities

The Grantee will perform the activities described in detail in the Grantee's proposal entitled "Crafts Export Resource Center," dated June 1985, hereby incorporated as part of this Grant, as Attachment A. To the extent of any inconsistency between the Grantee's proposal and the Covering Letter and Attachments 1, 2, 3, and 4 of this Grant, the Covering Letter and Attachments 1, 2, 3, and 4 shall control.

A. Modifications to the Proposal

The following additions are hereby incorporated into Attachment A.

1. Marketing/Promotion Strategy. Prior to any disbursement for marketing and promotional activity costs under this grant, the Grantee shall obtain AID approval of the project's Annual Marketing Plan to be submitted to AID by the Grantee for each year of project operations.

2. Business Strategy. The Grantee shall obtain AID approval of the project's Annual Business Plan to be submitted to AID by the Grantee for each year of project operations.

3. Financial Status Reports of CERC operations. The Grantee shall submit to the responsible AID project monitor financial status reports of CERC operations on a quarterly basis. These reports must contain comparisons of actual versus projected operational budget expenditures.

4. Project Participants. The Grantee shall obtain AID concurrence in the selection of project participants as per the criteria contained within the Grantee's proposal.

5. Long-term Contractors. Prior to the signature of any contract for long-term technical assistance to be funded by the grant, the Grantee shall obtain AID approval of the contractor and of the contract under which the services will be procured.

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6. Short-term Contractors. Prior to the signature of any contract for short-term technical assistance to be funded by the grant, the Grantee shall obtain AID approval of the contractor and of the contract under which the services will be procured.

7. Loan Recipients. Prior to the disbursement of any loans to project participants under this grant, the Grantee shall obtain AID approval of the recipient and of the purposes for which such funds shall be utilized.

B. Primary Project Activities

The specific activities to be carried out under the grant include: a) the provision of export oriented services to small and medium crafts producers; b) the provision of long-term technical assistance in product development, marketing and promotion, and financial management; c) the provision of short-term technical assistance in product development and marketing/distribution; d) the establishment of a product development worksnop; e) the provision of access to key raw materials and credit; and f) the promotion and selling of Haitian crafts at nine major U.S. Gift Shows.

The project will provide these services through six interrelated components complemented by a monitoring component which will evaluate the quality and impact of the services provided by the project on an on-going basis. The six components include:

1. Product Development/Technical Assistance Component

This component will provide technical assistance in product design and modification to allow producers to meet current export market requirements. Technical assistance will also be provided to ensure on-going quality control and the establishment of cost-effective production processes.

Long-term technical assistance will be provided in the following product areas: fabric, weaving, wood, surface design, photography, graphics, industrial product design, metal (general and enameling), jewelry, glass, and ceramics. Short-term technical assistance will also be provided in other product areas as required.

2. Marketing and Promotion Component

This project component will provide assistance to producers to allow them to begin or expand exportation of their products through giftware markets and other marketing/distribution channels in the United States. The transfer of market information and feedback will be a primary function of this project component. Additional objectives of this project component are:

- to enable producers to increase sales of their goods by expanding into markets beyond already saturated local ones;

- to expose products to export markets thereby providing direct market feedback to producers to build their capacity to develop new and improved products based on this information;
- to link suitably developed producers to distribution channels in the United States to enable them to conduct viable export operations over the long term.

The export marketing component will be complemented locally by the utilization of Zin d'Art-Retail, the Port-au-Prince marketing outlet successfully developed under the Haitian Crafts Development project (HCDP) (521-0169 Input No. 7). Zin d'Art-Retail will function as a test market for new products prior to their exposure to export markets. As the continuous presentation of new products has been judged beneficial to the on-going development of Zin d'Art-Retail, further display space will be added to that facility for this purpose. Additional funding will be allocated to the retail outlet to enable it to effectively undertake this expanded level of operations.

3. Small Business Advisory Component

Under this component a long-term technical advisor will provide assistance to project participants to upgrade their financial management and accounting capabilities in order to contribute to the economic viability of employment generated through export sales or improved products. This assistance will be made available to those project participants that cannot be adequately serviced by other management training institutions. The advisor will also be responsible for financial planning, monitoring, and control of CERC operations as well as on-going monitoring of the project and evaluation of progress made toward the achievement project objectives.

4. Credit Fund

This project component will make short-term credit available to producers through a revolving fund to enable them to maximize the benefits that the program offers. Commercial rates of interest will be charged on such loans and loan requests in excess of \$ 3,000 will be referred to other lending institutions.

5. Raw Material Supply Component

This project component will establish a revolving fund that will be invested in raw materials for which it has been determined there is the greatest demand in the production of goods identified as having considerable export potential. These materials will be sold to project participants at prices that reflect the center's handling costs and provide revenue for the center. As the sales levels of specific products increase, producers will be encouraged to establish their own sources of supply of raw materials. Efforts will be undertaken to persuade local wholesalers and retailers to carry stocks of raw materials for which substantial demand exists.

6. Export Information Component

This project component will provide project participants with a central source of information on the export of craft/giftware products. This information will include that relating to: design, production techniques, overseas information sources, customer lists, small business operation and management, market trends, shipping, customs, supplies of equipment and materials, etc. These sources of information will be made available to any producer or organization wishing access to them.

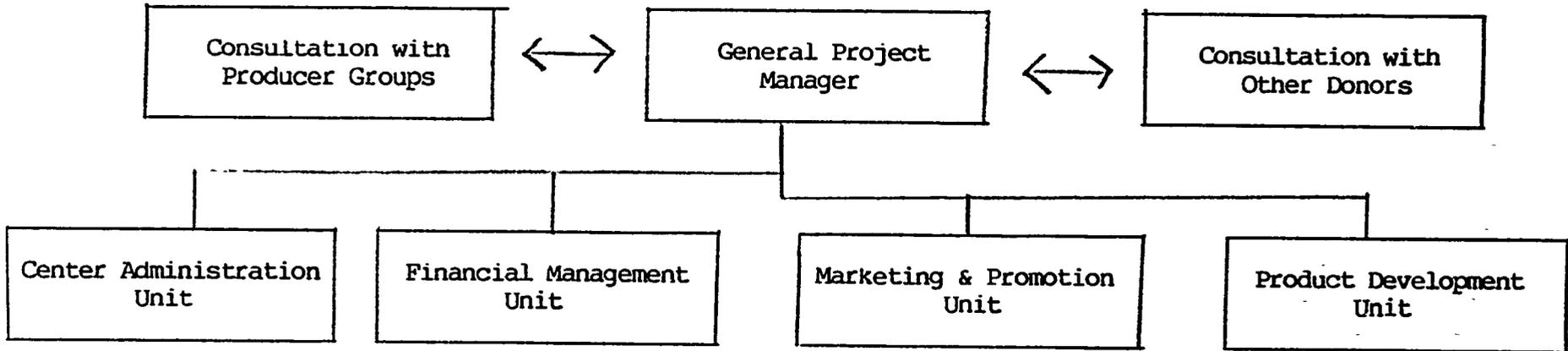
III. Project Implementation

The design of the project involves the provision and delivery of technical assistance and services to businesses engaged in the production of craft goods with the objective of expanding the capacity of such producers to export their products to markets outside of Haiti. During the initial two years of this project, the delivery of these services will be coordinated by CARE. During this time, a variety of project implementation mechanisms will be tested to determine the best way to deliver center services on a cost-effective basis to project participants. If the final project evaluation indicates the viability of project activities, a permanent institution will be established that incorporates a set of previously identified programs tested during initial project implementation.

A. Organizational Structure

The six categories of assistance to be provided to project participants through the CERC, in addition to project monitoring activities, will be carried out by three key organizational units, supported by a project administrative unit. The CERC organizational plan is graphically presented on the following page. Areas of responsibility for each of these organizational units are outlined below.

**CRAFTS EXPORT RESOURCE CENTER
ORGANIZATIONAL CHART**



RESPONSIBILITIES:

- General Administrative Support
- Secretarial Services
- Inventory Control
- Purchasing
- Administration of Raw Materials Revolving Fund
- Payroll
- Packaging & Dispatch
- Logistics

RESPONSIBILITIES:

- Financial Planning, Monitoring, & Control
- Systems Design and Control
- Annual Business Plan Preparation
- Accounting
- Identification/Selection of Beneficiaries (Client Studies)
- Management Training
- Financial and Accounting Assistance
- Administration of Credit Fund

RESPONSIBILITIES:

- Market Research
- Marketing and Promotion
- Development of Marketing Strategy
- Selling
- Local Retail Store (Test Marketing)
- Export Information Resources
- Market Feedback to Producers

RESPONSIBILITIES:

- Product Design & Testing
- Production/Technical Assistance
- Raw Materials Selection
- Market Feedback
- Identification/Selection of Beneficiaries (Client Studies)

1. Product Development/Technical Assistance Unit

This unit will be responsible for the provision of assistance in developing new products as well as improving existing product lines to render such products suitable for export. In the initial stages of project implementation, this unit will be responsible for the development of a workshop and production facility where prototype products will be produced and subsequently transferred into production in small rural workshops. Unit staff will also be responsible for assessing the existing product lines and production capacity of enterprises wishing to participate in the project. The staff will then design appropriate assistance packages in consultation with the management of the enterprise in question. The unit will be responsible for assisting the beneficiary in further adaptation or development of the resulting product lines based on market feedback.

The product development/technical assistance unit will be the organizational unit primarily responsible for the selection of raw materials to be made available to producers. Investment in supplies for subsequent resale to project beneficiaries will be made after a careful analysis of both the demand for materials required for existing production and those necessary for the initiation of production of new goods in which potential for greater export sales might exist has been made.

2. Marketing and Promotion Unit

This unit will be responsible for the provision of marketing and promotional assistance to project beneficiaries. This will include both market research, and actual promotion and selling of goods developed by project participants. More specifically, the unit will be responsible for:

- the selection of product lines for export marketing through consultation with project beneficiaries and the product development/technical assistance unit;
- the preparation of all promotional materials including brochures, catalogs, and other relevant customer information;
- all preparations required for effective gift show presentations in the United States
- promotion and selling of craft products at U.S. gift shows;
- placing orders with producers for goods sold through CERC marketing mechanisms;
- all correspondence with clients;
- cultivation of a customer base through mailings of new product information;
- transfer of market feedback to producers;

- coordination with local retail outlet (Zin d'Art-Retail) for test market purposes;
- coordination of the export information resources component in conjunction with the product development/technical assistance unit;
- preparation of materials for advertising through trade periodical publications;
- coordination of short-term international marketing technical assistance.

These tasks will be undertaken through the implementation of a marketing plan. The major elements of the plan are as follows.

CRAFTS EXPORT RESOURCE CENTER
MARKETING PLAN
(Two Years)

<u>Activity</u>	<u>Month</u>
Process Orders Taken during U.S. Gift Shows	1-3
Prepare Local Test Market of New Products through Special Christmas Exhibit in Coordination with Zin d'Art-Retail	3-4
Prepare Promotional Materials for January 1986 U.S. Gift Show	4-6
Participate in January 1986 U.S. Gift Show	6
Process Orders Taken at January 1986 U.S. Gift Show	6-8
Conduct Analysis of Potential U.S. Distributors	9
Prepare Promotional Materials for Two (2) Major U.S. July 1986 Gift Shows (Christmas Market)	8-11
Participate in Two (2) Major July 1986 U.S. Gift Shows (Christmas Market)	12
Process Orders Taken at July 1986 U.S. Gift Shows	12-14
Prepare Promotional Materials for October 1986 U.S. Gift Show	13-15

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CRAFTS EXPORT RESOURCE CENTER
MARKETING PLAN (Con't)
(Two Years)

<u>Activity</u>	<u>Month</u>
Participate in October 1986 U.S. Gift Show	15
Process Orders Taken at October 1986 U.S. Gift Show	15-16
Prepare Local Test Marketing of New Products through Special Christmas Exhibit in Coordination with Zin d'Art-Retail	15-16
Prepare Promotional Materials for January 1987 U.S. Gift Show	16-17
Participate in January 1987 U.S. Gift Show	18
Process Orders Taken at January 1987 U.S. Gift Show	18-19
Prepare Promotional Materials for Two (2) Major U.S. July 1987 Gift Shows (Christmas Market)	20-23
Participate in 2 Major July 1987 U.S. Gift Shows (Christmas Market)	24

Note: It is presumed that mailings, development of customer base, utilization of Zin d'Art-Retail as a test market, and media presentations will be undertaken on an on-going basis.

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3. Financial Management Unit

The primary responsibility of this unit will be financial planning, monitoring, and control of CERC operations. This unit will be responsible for preparing annual business plans for CERC operations, in addition to quarterly financial status reports. The unit will also be responsible for overall project monitoring and on-going evaluation of progress made toward the achievement of project objectives. This shall include the collection and analysis of baseline data concerning employment generated, geographic distribution of employment, level of investment required per job, annual sales for each participant, and other relevant data necessary to determine the overall impact of the project. Additional responsibilities will include administration of the credit fund, and the provision of financial management and accounting training to those project participants who cannot be adequately serviced by other management training institutions

4. Project Administrative Support Unit

The role of this unit will be to provide administrative support to the center. This will involve:

- maintenance of accounts;
- maintenance of inventory control;
- hiring of all personnel employed directly by the CERC;
- responsibility for payroll;
- administration of raw material revolving fund. This will not involve the selection of raw materials but rather the sale and restocking of supplies where necessary; and
- provision of secretarial and general support services.

C. Project Management

CARE will appoint a manager responsible for general management of the project. The project manager will supervise management of each of the key project organizational units. In addition, the project manager will consult on a regular basis with a group of producers involved in the project and invite them to form a council. This will provide the basis for a forum for discussion, enabling project management to discuss key issues and problems with project participants and adjust strategy accordingly. The project manager will also meet on a regular basis with representatives of other donor groups active in the crafts sector so that assistance to this sector can be effectively coordinated.

The project manager will be responsible for the planning and coordination of project activities, and for adapting and fine tuning project strategy as the project develops. The project manager will be responsible for the coordination and submission of annual work, business, and marketing plans, progress reports, and evaluations to CARE and USAID as defined in the project

agreement. The project manager will also maintain a close liaison with the USAID project officer responsible for the monitoring of the project.

D. Project Staffing

Key project staff will be experienced specialists hired by CARE. In certain components local counterpart employees will be hired to work closely with these specialists in order to expand the base from which quality services can be delivered and to create a resource base of experienced and trained local personnel capable of implementing CERC programs should the CERC become a permanent institution. Short-term technical assistance will be used at the end of the first year of project operations to identify potential distributors for particularly successful product lines that could be produced in large quantities. Short-term technical assistance will also be used throughout project implementation as required by product development activities. The following table illustrates CERC staffing projections.

TABLE 2
CERC STAFFING REQUIREMENTS

<u>POSITION</u>	<u>NUMBER OF PERSONNEL</u>
<u>General Project Manager</u>	1
<u>Product Development/Technical Assistance Unit</u>	
Designers/Technical Assistance Specialists	3
Designer Counterparts	2
Manual Laborers (semi-skilled)	6
<u>Marketing and Promotion Unit</u>	
Manager	1
<u>Financial Management Unit</u>	
Manager	1
Accountant	1
<u>Administrative Support Unit</u>	
Manager	1
Secretary	1
Drivers	2
Manual Laborers (semi-skilled)	6
	<hr/>
<u>TOTAL PERSONNEL</u>	25

Note: While specialist personnel appear to be concentrated in the product development/technical assistance unit, experience in the operation of the HCDP product development unit has demonstrated that such research and development activities are particularly time consuming when dealing with relatively unsophisticated producers. It should also be noted that administrative support unit personnel will provide support to all project units. In addition, The general project manager will have a broad base of experience relating to all project activities that will be used to supplement the resources of any specific CERC unit as required.

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E. Project Activities and Operations

A sound base of operations has already been established under the HCDP's Zin d'Art-Export product development and export marketing units. Many aspects of the proposed project are already in place and operational, including key project staff. A customer base, promotional and publicity resources, product development workshop and design studio, on-going relationships with many producers, and sources of supplies of material and equipment are already established. This established base needs only to be expanded and developed further to provide a wider range of services and opportunities to a larger group of potential beneficiaries.

1. Provision of Product Development/Technical Assistance

This assistance will be delivered by the product development/technical assistance unit, which will operate from a workshop established at the CERC in the initial stages of the project. The workshop facility, expanded from the existing HCDP workshop, will be equipped with tools and machinery to create prototype products and to test production techniques required for such products.

In the early stages of the project, significant amounts of time will be spent in assessing the products and production capacity of crafts enterprises that show interest in utilizing the services of the CERC and that relate to the criteria established for beneficiary selection (see Attachment A, Section IV). On the basis of such assessments, the unit staff will plan packages of assistance to be offered to the enterprises in question. Once agreement has been reached between the producer and the unit staff as to the type of assistance required and how it might be most effectively delivered, work will be undertaken at the CERC workshop and/or at the premises of the producer, as the situation warrants.

Constant coordination between this unit and the marketing and promotion unit is critical. Marketing feedback on products will be channelled to both the producer and the product development/technical assistance unit so that products can be subsequently adapted to better meet market demand. Constant upgrading and development of products has proved crucial in stimulating increased sales levels during the implementation of the HCDP.

Work will also be undertaken in developing prototype product lines that can be offered to new CERC project participants. Test marketing of these products will be undertaken at both local and export levels to establish market demand. This approach will enable the CERC to offer producers with "ready-to-go" products for which a market has already been identified, production techniques tested, and sources of raw materials established. These actions will greatly reduce the risk taken by the producer in making the decision to begin production of a particular product.

2. Provision of Marketing and Promotional Assistance

This assistance will be delivered by the marketing and promotion unit

which will provide:

- Direct market feedback indicating the level of acceptance of the product in the marketplace. This feedback will furnish information relating to: the acceptability/suitability of the design, the product line as a whole, quality, price, color range, and dimensions of the product; and will provide valuable indications as to how the product can be improved and adapted so as to maximize sales levels.
- The opportunity for the producer to commence export production in relation to his/her capacity, allowing the CERC and the producer to evaluate the potential of the producer's workshop for further expansion.
- The opportunity for a new exporter to receive remuneration for goods exported and thus to evaluate the profitability and advantages of entering the export market as opposed to concentrating on the local market.
- The opportunity for the project to generate revenue from the sale of goods thus offsetting the development costs incurred in the operation of the project.

The actual market strategy will involve:

a. Participation in U.S. Gift Shows

In the United States, selling to retailers is frequently undertaken through various gift shows at which a manufacturer, manufacturer's representative, importer, or distributor takes orders from retailers based on samples. The CERC management will select shows at which the various product lines it represents will be presented and orders taken. Even operating from Haiti, gift shows represent a cost-effective method of marketing products because they provide the seller with access to wide range of retailers in a short period of time.

In the first year of project operations, select CERC personnel will attend three major U.S. gift shows. These shows are planned to coincide with the buying cycles of retailers in which heaviest buying occurs, from May to August in advance of Christmas sales. Secondary gift shows are held across the United States in September/October and immediately after Christmas. Presentations will also be made at these shows.

b. On-going Mailing

Utilizing its expanding customer base and extensive lists of potential clients, the unit will undertake frequent mailing promotions of new products as a cost-effective way of generating new sales.

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c. Visits to Retailers/Distributors in Specific Areas

Where a nucleus of active customers who buy substantial quantities of goods exists, it may be worthwhile undertaking a visit to that area in order to promote new products, seek additional orders, and develop contacts. Discussions are at present underway to utilize personnel associated with CARE in the United States for this purpose.

d. Promotion through Gift Industry Media

Publications such as "Giftware News," "Entrée," and other trade periodicals and giftshow directories will be used to promote product lines.

e. Utilization of Zin d'Art-Retail as a Test Market for Potential Export Products

Zin d'Art-Retail provides an excellent source of initial market feedback for new products. In order to utilize Zin d'Art-Retail most effectively in this respect, expansion of its showroom facilities is planned during the early stages of the project. This will result in greater opportunities for the presentation of new products and the potential to increase sales volumes on the local market while maintaining rental expenses for the outlet at their current level. This would maximize net revenues for the outlet, thus developing the long-term viability of this successful component of the HCDP.

f. Identification of Potential Distributors in the United States

Given that producers will eventually assume control of their own export operations, it is necessary to develop and cultivate contacts for distribution between U.S. based distributors, importers, or representatives, and the producers. It may also be possible to negotiate similar arrangements with larger, or more specialized retailers prepared to purchase sizeable quantities of a single producer's production. A short-term, U.S. based consultant will be hired to conduct an analysis of U.S. distribution networks and to provide a preliminary list of potential buyers at the end of the first year of project operations.

3. Provision of Training in Accounting and Financial Management

This training will involve in-house consultation by the financial management unit manager with project participants so that their internal systems of control, financial management, and basic book-keeping can be improved. This will enable the specialist to explain in detail the relationship between the services available under the CERC and improvement of the producer's financial viability. This assistance should result in the efficient management and increased viability of enterprises associated with the CERC. As the project is designed to develop increased volume in sales and production, it is important that management and internal controls be similarly developed.

This relationship with project beneficiaries will also put the specialist in an excellent position to collect hard data and information for the on-going monitoring of the project. The specialist must also develop knowledge of the availability of more sophisticated management training opportunities (the planned USAID Management and Productivity Center project, for example) so that s/he will be able to recommend further or more appropriate management training for producers if necessary.

4. Provision of Credit

At the beginning of the project a revolving fund will be established to provide loans to project participants. These loans will be made at rates of interest comparable to those offered by other Haitian lending institutions. Loans will be made upon receipt of a satisfactory written request and subsequent review by project management. Loans will be made in the short term, for amounts less than \$ 3,000, to enable project participants to take full advantage of opportunities generated by other project activities.

It is expected that these loans will be utilized to provide working capital to enable producers to deliver larger orders generated by the marketing and promotional unit in a timely fashion. Similarly, loans might be utilized for the purchase of tools or equipment, enabling competitive and timely production of large orders. The specialist contracted to manage the business advisory unit will be responsible for the administration of the credit fund. S/he must develop good knowledge of other local credit institutions so that requests for loans can be referred to these institutions if they are not suitable for funding through the CERC credit fund.

5. Access to a Raw Material Supply

As new products are developed by the product design/technical assistance unit, access to supplies of raw materials must be made available to producers choosing to manufacture these products. Given the limited range of raw materials available, it will be necessary to identify specific products and supplies so that a broader range of goods can be considered for manufacture. These supplies will be made available to producers through a CERC raw materials revolving fund at competitive prices which also generate revenue for the CERC.

Producers will be encouraged to develop their own lines of supply as soon as possible so as to limit their dependence on the CERC for basic elements of production. Stocks of tools unobtainable locally may also be made available through this project component. The raw material revolving fund will be administered through the administrative support unit.

6. Provision of Export and Other Relevant Information

This project component will be operated as a small reference library available to anyone engaged in the production of craft/giftware products. Personnel from both the product design/technical assistance unit and the

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marketing and promotion unit will also be available' for face-to-face consultations on any specific subjects or resources.

As the CERC will offer information relating to all aspects of export, this component could act as a clearing house for inquiries from importers as well as producers seeking contacts overseas. The HCDP already possesses extensive lists of potential clients and giftware retailers, catalogs of suppliers of raw materials, tools and equipment, books, periodicals, and marketing and managerial resources and information. All of these would be augmented and offered to interested users.

F. Evaluation Strategy

An in-house mid-term evaluation of the project will be undertaken at the end of the first year of project operations to assess progress toward the achievement of project objectives and to provide possible mid-course corrections in strategy. A final evaluation and audit of CERC operations will be undertaken at the end of the second year of project implementation by independent consultants to determine whether project objectives have been adequately achieved and to provide recommendations for any subsequent project activities and/or permanent institutionalization of CERC programs.

CRAFTS EXPORT RESOURCE CENTER
IMPLEMENTATION PLAN

<u>Activity</u>	<u>Planned Start</u>	<u>Planned Finish</u>
CERC General/Project Manager on Board	month 1	month 24
Establish Product Development Unit	month 1	month 4
Product Development Unit Manager on Board	month 1	month 24
Product Development Specialists on Board	month 1	month 24
Identify and Contract Product Development Counterparts	month 1	month 3
Establish Marketing and Promotion Unit	month 1	month 4
Identify and Contract Marketing and Promotion Unit Manager	month 1	month 3
Export Marketing Activities Commence	month 1	month 24
Domestic Marketing Activities Commence	month 1	month 24
Establish Administrative Unit	month 1	month 3
Administrative Unit Manager on Board	month 1	month 24
Identify and Contract Administrative Unit Support Staff	month 1	month 2
Local CERC Awareness Campaign	month 1	month 3
Process Orders Taken at July 1985 U.S. Gift Shows (Christmas Market)	month 1	month 3
Expand Project Participant Pool to Existing Level Plus 5	month 1	month 12
Procure Product Design Unit Equipment and Materials	month 2	month 4
Establish Financial Management Unit	month 1	month 4

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CRAFTS EXPORT RESOURCE CENTER
IMPLEMENTATION PLAN (Con't)

<u>Activity</u>	<u>Planned Start</u>	<u>Planned Finish</u>
Identify and Contract Financial Management Unit Manager	month 1	month 3
Provide Product Development Assistance to Project Participants	month 2	month 24
Develop New Products for Jan. 1986 U.S. Gift Show	month 2	month 5
Procure Material for CERC Raw Materials Revolving Fund	month 2	month 4
Develop and Expand CERC Administrative Controls/Systems	month 3	month 4
Establish CERC Credit Fund	month 3	month 4
Financial Management Unit Collects Information on CERC Program Operations (Monitoring and Evaluation)	month 3	month 24
Establish Export Information Reference Library	month 3	month 3
Establish Producer Forum/Donor Coordination Mechanisms	month 3	month 3
Expand Zin d'Art-Retail Facilities	month 3	month 5
Prepare for Local Test Marketing of New Products through Zin d'Art-Retail Special Christmas Exhibit	month 3	month 4
Establish Financial Management and Accounting Training Programs	month 4	month 6
Prepare Promotional Materials for Jan. 1986 U.S. Gift Show	month 4	month 6
Test Market Products for Jan 1986 U.S. Gift Show through Zin d'Art-Retail (Special Christmas Exhibit)	month 5	month 5
Participate in Jan. 1986 U.S. Gift Show	month 6	month 6

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CRAFTS EXPORT RESOURCE CENTER
IMPLEMENTATION PLAN (Con't)

<u>Activity</u>	<u>Planned Start</u>	<u>Planned Finish</u>
Process Orders Taken during Jan. 1986 U.S. Gift Show	month 6	month 9
Identify Consultant to Undertake Analysis of Potential U.S. Distribution Mechanisms	month 8	month 8
Develop New Products for July 1986 U.S. Gift Shows	month 8	month 11
Prepare Promotional Materials for Participation in Two Major U.S. Gift Shows - July 1986	month 8	month 11
Conduct Analysis of Potential U.S. Distribution Mechanisms	month 9	month 9
Financial Management Unit Mid-Course Assessment of Project Components/Operational Viability	month 11	month 11
Participate in July 1986 U.S. Gift Shows	month 12	month 12
Process Orders Taken during July 1986 U.S. Gift Shows	month 12	month 15
Expand Project Participant Pool to Existing Level Plus 10	month 13	month 24
Develop New Products for Oct. 1986 U.S. Gift Show	month 13	month 15
Prepare Promotional Materials for Participation in Oct. 1986 U.S. Gift Show	month 13	month 15
Conduct Mid-Term, In-House Project Evaluation	month 14	month 14
Participate in Oct. 1986 U.S. Gift Show	month 15	month 15
Process Orders Taken at Oct. 1986 U.S. Gift Show	month 15	month 16
Develop New Products for Jan. 1987 U.S. Gift Show	month 16	month 18
Prepare Promotional Materials for Participation in Jan. 1987 U.S. Gift Show	month 16	month 17

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CRAFTS EXPORT RESOURCE CENTER
IMPLEMENTATION PLAN (Con't)

<u>Activity</u>	<u>Planned Start</u>	<u>Planned Finish</u>
Test Market Products for Jan 1987 U.S. Gift Show through Zin d'Art-Retail (Special Christmas Exhibit)	month 17	month 17
Participate in Jan. 1987 U.S. Gift Show	month 18	month 18
Process Orders Taken at Jan. 1987 U.S. Gift Show	month 18	month 21
Develop New Products for July 1987 U.S. Gift Shows	month 18	month 22
Identify Contractor to Conduct Final Project Evaluation	month 20	month 20
Prepare Promotional Materials for Participation in Two Major U.S. Gift Shows - July 1986	month 20	month 23
Financial Management Unit Final Assessment of Project Components/Operational Viability	month 21	month 21
Conduct Final Evaluation	month 22	month 24
Participate in 2 Major U.S. Gift Shows July 1987 (Christmas Market)	month 24	month 24

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IV. Project Budget and Financial Resources

TABLE 4
CRAFTS EXPORT RESOURCE CENTER
PROPOSED BUDGET
(All Amounts in U.S. Dollars)

QTY	EXPENDITURES	TOTAL UNITS (PMS)	YEAR 1			YEAR 2			GRAND TOTAL (000)
			USAID (000)	CARE* (000)	TOTAL (000)	USAID (000)	CARE* (000)	TOTAL (000)	
<u>Technical Assistance**</u>									
1	Project/General Manager	24	26		26	31		31	57
1	Prod. Devel. Unit Mgr.	24	25		25	30		30	55
2	Prod. Devel. Spec.	48	52		52	61		61	113
1	Finan. Mgmt. Unit Mgr.	22	22		22	31		31	53
1	Mkting/Prom. Unit Mgr.	24	25		25	30		30	55
1	Adm. Support Unit Mgr.	24	10		10	12		12	22
2	Prod. Dev. Counterparts	40	15		15	22		22	37
1	Accountant	24	9		9	10		10	19
1	Secretary	24	6		6	7		7	13
2	Drivers	48		6	6		8	8	14
6	Prod. Dev. Laborers	148	9		9	10		10	19
6	General Laborers	148	9		9	10		10	19
	Short Term Consultants	4	10		10	12		12	22
<u>SUBTOTAL TECHNICAL ASSISTANCE</u>			<u>218</u>	<u>6</u>	<u>224</u>	<u>266</u>	<u>8</u>	<u>274</u>	<u>498</u>
<u>Operational</u>									
	Rent		12		12	14		14	26
	Vehicle Operations			25	25		29	29	54
	Utilities			8	8		9	9	17
	Office Supplies		3		3	4		4	7
	In-Country Mission Support			9	9		10	10	19
	Marketing Unit-Export		28		28	37		37	65
	Marketing Unit-Retail		10		10		10	10	20
<u>SUBTOTAL OPERATIONAL COSTS</u>			<u>53</u>	<u>42</u>	<u>95</u>	<u>55</u>	<u>58</u>	<u>113</u>	<u>208</u>
<u>Materials & Equipment</u>									
	Expansion of CERC Facilities		20		20	5	10	15	35
	Inventory		50	20	70		30	30	100
	Prod. Dev. Tools & Equip.		40	10	50		30	30	80
	Export Info. Resources		5		5	5		5	10
	Credit Fund		40	10	50		10	10	60
5	Vehicles			57	57		15	15	72
	Raw Material Fund		25	10	35	20	20	40	75
	Expansion of Retail Outlet		10		10	5		5	15
<u>SUBTOTAL MATERIALS & EQUIPMENT</u>			<u>190</u>	<u>107</u>	<u>297</u>	<u>35</u>	<u>115</u>	<u>150</u>	<u>447</u>

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TABLE 4 (Con't)
CRAFTS EXPORT RESOURCE CENTER
PROPOSED BUDGET
(All Amounts in U.S. Dollars)

<u>QTY</u> <u>EXPENDITURES</u>	<u>TOTAL</u> <u>UNITS</u> (EMS)	<u>YEAR 1</u>			<u>YEAR 2</u>			<u>GRAND</u> <u>TOTAL</u> (000)
		<u>USAID</u> (000)	<u>CARE*</u> (000)	<u>TOTAL</u> (000)	<u>USAID</u> (000)	<u>CARE*</u> (000)	<u>TOTAL</u> (000)	
Evaluation					15		15	15
Audit					7		7	7
<u>TOTALS</u>		<u>461</u>	<u>155</u>	<u>616</u>	<u>378</u>	<u>181</u>	<u>560</u>	<u>1176</u>
CARE Overhead (9.38%)		43		43	35		35	78
<u>GRAND TOTALS</u>		<u>504</u>	<u>155</u>	<u>659</u>	<u>413</u>	<u>181</u>	<u>594</u>	<u>1253</u>

* CARE contributions may be in-kind

** Includes all relevant support costs
(ie. salary, housing, etc. where applicable)

ALTERATIONS IN GRANT

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

1. Standard Provision No. 7A entitled "Payment - Federal Reserve Letter of Credit (FRLC) Advance" is deleted in its entirety and Attachment A entitled "Payment - Letter of Credit (August 1984)" is substituted.
2. Standard Provision No. 7B entitled "Periodic Advance" is changed as follows:
 - a. Applicability Statement: Delete "an FRLC" and substitute "a letter of credit".
 - b. Paragraph (c): Delete "an original and two copies" and substitute "one copy".
3. Standard Provision No. 7C entitled, "Payment - Reimbursement": In the applicability statement, delete "an FRLC" and substitute "a letter of credit".
4. Standard Provision No. 8, entitled "Travel and Transportation", is deleted in its entirety and Attachment B entitled "Air Travel and Transportation" is substituted.
5. Standard Provision No. 9, entitled "Ocean Shipment Of Goods" is deleted in its entirety and Attachment C, entitled the same, is substituted.
6. Standard Provision No. 10A, entitled "Procurement of Goods and Services Under \$250,000": Delete paragraph (c) and substitute the following:

"(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)."

7. Standard Provision No. 10B, entitled "Procurement of Goods and Services Over \$250,000": Delete paragraph (d) in its entirety and substitute the language shown in Attachment D.

8. Standard Provision No. 13A, entitled "Title To and Use of Property (Grantee Title)":

- a. Delete "(1)" under paragraph (c), and
- b. Delete subparagraph (2) in its entirety under paragraph (c).

9. Standard Provision No. 15 entitled "Termination" is amended as follows:

a. Change the title of Standard Provision No. 15, dated 2-82, to read: "TERMINATION AND SUSPENSION".

b. Delete paragraph (d) in its entirety and substitute the following:

"(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.

10. Standard Provision No. 16, entitled "Voluntary Participation": Delete the applicability statement and substitute the following: "(This provision is applicable to all grants involving any aspect of family planning or population assistance activities.)"

11. Standard Provision No. 17, entitled "Prohibition on Abortion-Related Activities":

a. Delete the applicability statement and substitute the following: "(This provision is applicable to all grants involving any aspect of family planning or population activities.)"

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

c. Delete paragraph (b) and substitute the following:

"(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."

d. Add paragraph (c) as follows:

"(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."

12. Standard Provision No. 20, entitled "Patents", is deleted in its entirety and Attachment E, entitled "Patent Rights", is substituted.

13. Standard Provisions No. 26 and 27 entitled, "Participant Training" and "Health and Accident Coverage for AID Participant Trainees", respectively, are deleted in their entirety and Attachment F, entitled "Participant Training", is substituted.

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7A. Payment - Letter of Credit (AUGUST 1984)

(This provision is applicable only when the following conditions are met: (i) the total advances under all the grantee's cost-reimbursement contracts and assistance instruments with AID exceed \$120,000 per annum, (ii) AID has, or expects to have, a continuing relationship with the grantee for at least one year; (iii) the grantee has the ability to maintain procedures that will minimize the time elapsing between the transfer of funds and the disbursement thereof; (iv) the grantee's financial management system meets the standards for fund control and accountability required under the standard provision of this grant, entitled "Accounting, Audit, and Records" and, either (v) the foreign currency portion of the total advance under this grant is less than 50% or (vi) the foreign currency portion of the total advance under this grant is more than 50% but more than one foreign currency country is involved.)

(a) Payment under this grant shall be by means of a Letter of Credit (LOC) in accordance with the terms and conditions of the LOC and any instructions issued by AID's Office of Financial Management, Program Accounting and Finance Division (M/PM/PAPD).

(b) As long as the LOC is in effect, the terms and conditions of the LOC and any instructions issued by M/PM/PAPD constitute payment conditions of this grant, superseding and taking precedence over any other provision of this grant concerning payment.

(c) Reporting:

(1) A "Financial Status Report" SP-269, shall be prepared on an accrual basis and submitted quarterly no later than 30 days after the end of the period, in an original and two copies to AID/M/PM/PAPD, Washington, D.C. 20523. If the grantee's accounting records are not normally kept on the accrual basis, the grantee shall not be required to convert its accounting system, but shall develop such accrual information through best estimates based on an analysis of the documentation on hand. The final report must be submitted within 90 days after the conclusion of the grant to M/PM/PAPD. In cases where grants are Mission funded, the Grantee will forward an information copy to the AID Mission accounting station at the same time the original and one copy are mailed to M/PM/PAPD, AID/Washington.

(2) The grantee shall submit an original and one copy of SP-272, "Federal Cash Transactions Report," within 15 working days following the end of each quarter to M/PM/PAPD. Grantees receiving advances totaling more than \$1 million per year shall submit the SP-272 on a monthly basis within 15 working days following the close of the month. Grantees shall report all cash advances in the Remarks section of SP-272. Those cash advances in excess of immediate disbursement requirements in the hands of subrecipients or the grantee's field organizations shall be supported by short narrative explanations of action taken by the grantee to reduce the excess balances.

(d) Revocation of the LOC is at the discretion of the authorized LOC certifying officer of M/PM/PAPD after consultation with the grant officer. Notification of revocation must be in writing and must specify the reason for revocation. PM/PAPD shall provide the grant officer a copy of the revocation notice and a recommendation for an alternative method of payment (periodic advance or cost reimbursement) based upon the reasons for the revocation. The grant officer shall immediately amend this agreement to provide for an appropriate alternative method of payment. The recipient may appeal any such revocation to the grant officer.

AIR TRAVEL AND TRANSPORTATION (OCTOBER 1984)

This provision is applicable when any costs for air travel or transportation are included in the budget.

(a) The grantee is required to present to the project officer for written approval an itinerary for each planned international trip financed by this grant, which shows the name of the traveler, purpose of the trip, origin/destination (and intervening stops), and dates of travel, as far in advance of the proposed travel as possible, not in no event at least three weeks before travel is planned to commence. At least one week prior to commencement of approved international travel, the grantee shall notify the cognizant U.S. Mission or Embassy, in a copy to the project officer, of planned travel, identifying the travelers and the dates and times of arrival.

(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, AID will, after receipt of advice of intent to travel required above, either issue a U.S. Government Form 1169, Transportation Request (G72) 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 air travel and shipments under this grant are required to be made on United States flag air carriers to the extent service by such carriers is available. A U.S. flag air carrier is defined as an air carrier which has a certificate of public convenience and necessity issued by the U.S. Civil Aeronautics Board authorizing operations between the United States and/or its territories and one or more foreign countries.

(d) Use of foreign air carrier service may be deemed necessary if a U.S. flag air carrier otherwise available cannot provide the foreign air transportation needed, or if use of such service will not accomplish the agency's mission. Travel by transportation on non-free world air carriers are not reimbursable under this grant.

(e) U.S. flag air carrier service is considered available on through:

1. Comparable or a different kind of service can be provided at less cost by a foreign air carrier;
2. Foreign air carrier service is preferred by or is more convenient for the agency or traveler; or

3. Service by a foreign air carrier can be paid for in excess foreign currency, unless U.S. flag air carriers decline to accept excess or near excess foreign currencies for transportation payable only out of such monies.

(f) Except as provided in paragraph (b) of this section, U.S. flag air carrier service must be used for all Government-financed commercial foreign air travel if service provided by such carriers is available. In determining availability of a U.S. flag air carrier, the following scheduling principles shall be followed unless their application results in the last first leg of travel to or from the United States being performed by foreign air carrier:

1. U.S. flag air carrier service available at point of origin should be used to destination or in the absence of direct or through service to the farthest interchange point on usually traveled routes;

2. Where an origin or interchange point is not served by U.S. flag air carrier, foreign air carrier service should be used only to the nearest interchange point on a usually traveled route to connect with U.S. flag air carrier service; or

3. Where a U.S. flag air carrier involuntarily cancels the traveler via a foreign air carrier the foreign air carrier may be used notwithstanding the availability of alternative U.S. flag air carrier service.

(g) For travel between a gateway airport in the United States (the last U.S. airport from which the traveler's flight departs or the first U.S. airport at which the traveler's flight arrives) and a gateway airport abroad (that airport from which the traveler last embarks enroute to the U.S. or at which the traveler last debarks incident to travel from the U.S.), passenger service by U.S. flag air carrier will not be considered available:

1. Where the gateway airport abroad is the traveler's origin or destination airport, and the use of U.S. flag air carrier service would extend the time in a travel status, including delay at origin and accelerated arrival at destination, by at least 24 hours more than travel by foreign air carrier;

2. Where the gateway airport abroad is an interchange point, and the use of U.S. flag air carrier service would require the traveler to wait six hours or more to make connections at that point, or delayed departure from or accelerated arrival at the gateway airport in the United States would extend the time in a travel status by at least six hours more than travel by foreign air carrier.

(h) For travel between two points outside the United States the rules in paragraphs (d) through (f) of this section will be applicable, but passenger service by U.S. flag air carrier will not be considered to be reasonably available:

1. If travel by foreign air carrier would eliminate two or more aircraft changes enroute;

2. Where one of the two points abroad is the gateway airport (as defined in paragraph (g) of this section) enroute to or from the United States, if the use of a U.S. flag air carrier would extend the time in a travel status by at least six hours more than travel by foreign air carrier including accelerated arrival at the overseas destination or delayed departure from the overseas origin as well as delay at the gateway airport or other interchange point abroad; or

3. Where the travel is not part of a trip to or from the United States, if the use of a U.S. flag air carrier would extend the time in a travel status by at least six hours more than travel by foreign air carrier including delay at origin, delay enroute and accelerated arrival at destination.

(i) When travel under either paragraph (g) or (h) of this section involves three hours or less between origin and destination by a foreign air carrier, U.S. flag air carrier service will not be considered available when it involves twice such travel time or more.

(j) Nothing in the above-guidelines shall preclude and no penalty shall attend the use of a foreign air carrier which provides transportation under an air transport agreement between the United States and a foreign government, the terms of which are consistent with the international aviation policy goals set forth at 49 U.S.C. 1502(b) and provide reciprocal rights and benefits.

(k) 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 above).

(1) International Travel

(i) As used herein, the term "international travel" means travel to all countries other than those within the home country of the traveler. Travel outside the United States includes travel to the U.S. Trust Territories of the Pacific Islands.

(ii) The grantee will be reimbursed for travel and the reasonable cost of subsistence, post differentials and other allowances paid to employees in an international travel status in accordance with the grantee's established policies and practices which are uniformly applied to federally financed and other activities of the grantee. The standard for determining the reasonableness of reimbursement for overseas allowance is the Standardized Regulations (Government Civilians, Foreign Areas), published by the U.S. Department of State, as from time to time amended. The most current subsistence, post differentials, and other allowances may be obtained from the grant officer.

(m) This provision will be included in all subgrants and contracts which require air travel and transportation under this grant.

9. OCEAN SHIPMENT OF GOODS (OCTOBER 1984)

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

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

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

(c) When U.S. flag vessels are not available, or their use would result in a significant delay, the grantee may request a determination of non-availability from the AID Transportation Support Division, Office of Commodity Management, Washington, D.C. 20523, giving the basis for the request which will relieve the grantee of the requirement to use U.S. flag vessels for the amount of tonnage included in the determination. Shipments made on non-free world ocean vessels are not reimbursable under this grant.

(d) Vouchers submitted for reimbursement which include ocean shipment costs shall contain a certification essentially as follows:

"I hereby certify that a copy of each ocean bill of lading concerned has been submitted to the U.S. Department of Transportation, Maritime Administration, Division of National Cargo, 400 7th Street, S.W., Washington, D.C. 20590, and that such bills of lading state all of the carrier's charges including the basis for calculation such as weight or cubic measurement."

(e) Shipments by voluntary nonprofit relief agencies (i.e., PVOs) shall be governed by this standard provision and by AID Regulation 2, "Overseas Shipments of Supplies by Voluntary Nonprofit Relief Agencies (22 CFR 202).

Procurement of Goods and Services Over \$250,000

"(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 937 et seq. of the Internal Revenue Code, 26 U.S.C. 937; 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:

(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 clause.

(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 (i)(A), (d)(2)(ii)(B), or (d)(3) of this clause. In the case of corporations, the certifying officer shall be the chief executive officer. With respect to the requirements of paragraph (d)(2)(ii)(A), the certifying officer may presume on the basis of the stockholder's record address, that the certifying officer certifies, regarding any shareholder (including any corporate fund or institutional holder) whose holdings are material to the corporation's solvency, that the certifying officer knows of no fact which would 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 requirements in paragraph (d)(2)(iv) of this clause are 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 (as 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 18, Chapter 5, Paragraph 505, 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.

(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."

13. PATENT RIGHTS (OCTOBER 1984)

(This provision is applicable whenever patentable processes or practices are financed by the grant.)

a. Definitions.

(1) "Invention" means any invention or discovery which is or may be patentable or otherwise protectable under Title 35 of the United States Code.

(2) "Subject Invention," means any invention of the recipient conceived or first actually reduced to practice in the performance of work under this agreement.

(3) "Practical Application" means to manufacture in the case of a composition or product, to practice in the case of a process or method, or to operate in the case of a machine or system; and, in each case, under such conditions as to establish that the invention is being utilized and that its benefits are, to the extent permitted by law or Government regulations, available to the public on reasonable terms.

(4) "Made" when used in relation to any invention means the conception or first actual reduction to practice of such invention.

(5) "Small Business Firm" means a domestic small business concern as defined in Section 2 of Public Law 95-502 (15 U.S.C. 632) and implementing regulations of the Administrator of the Small Business Administration. For the purpose of this clause, the size standards for small business concerns involved in Government procurement and subcontracting at 15 CFR 121.3-6 and 15 CFR 121.3-12, respectively, shall be used.

(6) "Nonprofit Organization" means a domestic university or other institution of higher education or an organization of the type described in Section 501(c)(3) of the Internal Revenue Code of 1954 (26 U.S.C. 501(c)) and exempt from taxation under Section 501(a) of the Internal Revenue Code (26 U.S.C. 501(a)) or any domestic nonprofit scientific or any educational organization qualified under a state nonprofit organization statute.

b. Allocation of Principal Rights.

The recipient may retain the entire right, title, and interest throughout the world to each subject invention subject to the provisions of this clause and 35 U.S.C. 203. With respect to any subject invention in which the recipient retains title, the Federal Government shall have a non-exclusive, non-transferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States the subject invention throughout the world.

c. Invention Disclosure, Election of Title and Filing of Patent Applications by Recipient.

(1) The recipient shall disclose each subject invention to AID within two months after the inventor discloses it in writing to recipient personnel responsible for patent matters. The disclosure to AID shall be in the form of a written report and shall identify the agreement under which the invention was made and the inventor(s). It shall be sufficiently complete in technical detail to convey a clear understanding, to the extent known at the time of the disclosure, of the nature, purpose, operation, and physical, chemical, biological or electrical characteristics of the invention. The disclosure shall also identify any publication, on sale or public use of the invention and whether a manuscript describing the invention has been submitted for publication and, if so, whether it has been accepted for publication at the time of disclosure. In addition, after disclosure to AID the recipient shall promptly notify AID of the acceptance of any manuscript describing the invention for publication or of any on sale or public use planned by the recipient.

(2) The recipient shall elect in writing whether or not to retain title to any such invention by notifying AID within twelve months of disclosure to the recipient, provided that in any case where publication, on sale, or public use has initiated the one-year statutory period wherein valid patent protection can still be obtained in the United States, the period of election of title may be shortened by AID to a date that is no more than 60 days prior to the end of the statutory period.

(3) The recipient shall file its initial patent application on an elected invention within two years after election or, if earlier, prior to the end of any statutory period wherein valid patent protection can be obtained in the United States after a publication, on sale, or public use. The recipient shall file patent applications in additional countries within either ten months of the corresponding initial patent application or six months from the date permission is granted by the Commissioner of Patents and Trademarks to file foreign patent applications where such filing has been prohibited by a Secretary Order.

(4) Requests for extension of the time for disclosure to AID, election, and filing may, at the discretion of AID be granted.

d. Conditions When the Government May Obtain Title.

The recipient shall convey to AID upon written request, title to any subject invention:

(1) If the recipient fails to disclose or elect the subject invention within the times specified in c. above, or elects not to retain title. AID may only request title within sixty days after learning of the recipient's failure to report or elect within the specified times.

(2) In those countries in which the recipient fails to file patent applications within the times specified in c. above; provided, however, that if the recipient has filed a patent application in a country after the times specified in c. above, but prior to its receipt of the written request of AID the recipient shall continue to retain title in that country.

(3) In any country in which the recipient decides not to continue the prosecution of any application for, to pay the maintenance fees on, or defend in reexamination or opposition proceeding, on, a patent on a subject invention.

e. Minimum Rights to Recipient.

(1) The recipient shall retain a non-exclusive, royalty-free license throughout the world in each subject invention to which the Government obtains title except if the recipient fails to disclose the subject invention within the times specified in c. above. The recipient's license extends to its domestic subsidiaries and affiliates, if any, within the corporate structure of which the recipient is a party and includes the right to grant sublicenses of the same scope to the extent the recipient was legally obligated to do so at the time the agreement was awarded. The license is transferable only with the approval of AID except when transferred to the successor of that party of the recipient's business to which the invention pertains.

(2) The recipient's domestic license may be revoked or modified by AID to the extent necessary to achieve expeditious practical application of the subject invention pursuant to an application for an exclusive license submitted in accordance with applicable provisions in the Federal Property Management Regulations and agency licensing regulations (if any). This license shall not be revoked in that field of use or the geographical areas in which the recipient has achieved practical application and continues to make the benefits of the invention reasonably accessible to the public. The license in any foreign country may be revoked or modified at the discretion of AID to the extent the recipient, its licensees, or its domestic subsidiaries or affiliates have failed to achieve practical application in that foreign country.

(3) Before revocation or modification of the license, AID shall furnish the recipient written notice of its intention to revoke or modify the license, and the recipient shall be allowed thirty days (or such other time as may be authorized by AID for good cause shown by the recipient) after the notice to show cause why the license should not be revoked or modified. The recipient has the right to appeal, in accordance with applicable agency licensing regulations (if any) and the Federal Property Management Regulations concerning the licensing of Government-owned inventions, any decision concerning the revocation or modification of its license.

f. Recipient Action to Protect the Government's Interest.

(1) The recipient agrees to execute or to have executed and promptly deliver to AID all instruments necessary to (i) establish or conform the rights the Government has throughout the world in those subject inventions to which the recipient elects to retain title, and (ii) convey title to AID when requested under paragraph d. above, and to enable the Government to obtain patent protection throughout the world in that subject invention.

(2) The recipient agrees to require, by written agreement, its employees, other than clerical and non-technical employees, to disclose promptly in writing to personnel identified as responsible for the administration of patent matters and in a format suggested by the recipient each subject invention made under agreement in order that the recipient can comply with the disclosure provisions of paragraph c. above, and to execute all papers necessary to file patent applications on subject inventions and to establish the Government's rights in the subject inventions. This disclosure-format should require, as a minimum, the information required by c. (1) above. The recipient shall instruct such employees through employee agreements or other suitable educational programs on the importance of reporting inventions in sufficient time to permit the filing of patent applications prior to U.S. or foreign statutory bars.

(3) The recipient shall notify AID of any decision not to continue the prosecution of a patent application, pay maintenance fees, or defend in a reexamination or opposition proceeding on a patent, in any country, not less than 30 days before the expiration of the response period required by the relevant patent office.

(4) The recipient agrees to include, within the specification of any United States patent application and any patent issuing thereon covering a subject invention, the following statement: "This invention was made with Government support under (identify the agreement awarded by AID). The Government has certain rights in this invention."

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g. Subagreements and Contracts.

The recipient shall include this clause suitably modified to identify the parties, in all subagreements and contracts, regardless of tier, for experimental, developmental, or research work to be performed by a small business firm or nonprofit organization. The subrecipient or contractor shall retain all rights provided for the recipient in this clause, and the recipient shall not, as part of the consideration for awarding the contract or subagreement obtain rights in the contractor's or subrecipient's subject inventions.

h. Reporting Utilization of Subject Inventions.

The recipient agrees to submit on request periodic reports no more frequently than annually on the utilization of subject invention or on efforts at obtaining such utilization that are being made by the recipient or its licensee or assignees. Such reports shall include information regarding the status of development, date of first commercial sale or use, gross royalties received by the recipient, and such other data and information as AID may reasonably specify. The recipient also agrees to provide additional reports as may be requested by AID in connection with any march-in proceedings undertaken by AID in accordance with paragraph j. of this provision. To the extent data or information supplied under this section is considered by the recipient, its licensee or assignee to be privileged and confidential and is so marked, AID agrees that, to the extent permitted by law, it shall not disclose such information to persons outside the Government.

i. Preference for United States Industry.

Notwithstanding any other provision of this clause, the recipient agrees that neither it nor any assignee will grant to any person the exclusive right to use or sell any subject invention in the United States unless such person agrees that any products embodying the subject invention shall be manufactured substantially in the United States. However, in individual cases, the requirement for such an agreement may be waived by AID upon a showing by the recipient or its assignee that reasonable but unsuccessful efforts have been made to grant licenses on similar terms to potential licensees that would be likely to manufacture substantially in the United States or that under the circumstances domestic manufacture is not commercially feasible.

j. March-in Rights.

The recipient agrees that with respect to any subject invention in which it has acquired title, AID has the right in accordance with the procedures in OMB Circular A-114 to require the recipient, an assignee or exclusive licensee of a subject invention to grant a non-exclusive, partially exclusive, or exclusive license in any field of use to a responsible applicant or applicants, upon terms that are reasonable under the circumstances, and if the recipient, assignee, or exclusive licensee refuses such a request, AID has the right to grant such a license itself if AID determines that:

- (1) Such action is necessary because the recipient or assignee has not taken or is not expected to take within a reasonable time, effective steps to achieve practical application of the subject invention in such field of use;
- (2) Such action is necessary to alleviate health or safety needs which are not reasonably satisfied by the recipient, assignee, or their licensees;
- (3) Such action is necessary to meet requirements for public use specified by Federal regulations and such requirements are not reasonably satisfied by the recipient, assignee, or licensees; or
- (4) Such action is necessary because the agreement required by paragraph i. of this clause has not been obtained or waived or because a licensee of the exclusive right to use or sell any subject invention in the United States is in breach of such agreement.

k. Special Provisions for Agreements with Nonprofit Organizations.

If the recipient is a nonprofit organization, it agrees that:

(1) Rights to a subject invention in the United States may not be assigned without the approval of AID, except where such assignment is made to an organization which has as one of its primary functions the management of inventions and which is not, itself, engaged in or does not hold a substantial interest in other organizations engaged in the manufacture or sale of products or the use of processes that might utilize the invention or be in competition with embodiments of the invention (provided that such assignee shall be subject to the same provisions as the recipient).

(2) The recipient may not grant exclusive licenses under the United States patents or patent applications in subject inventions to persons other than small business firms for a period in excess of the earlier of:

(ii) Eight years from the date of the exclusive license excepting that time before regulatory agencies necessary to obtain premarket clearance, unless on a case-by-case basis, AID approves a longer exclusive license. If exclusive field of use licenses are granted, commercial sale or use in one field of use shall not be deemed commercial sale or use as to other fields of use and a first commercial sale or use with respect to a product of the invention shall not be deemed to end the exclusive period to different subsequent products covered by the invention.

(3) The recipient shall share royalties collected on a subject invention with the inventor; and

(4) The balance of any royalties or income earned by the recipient with respect to subject inventions, after payment of expenses (including payments to investors) incidental to the administration of subject inventions, shall be utilized for the support of scientific research or education.

l. Communications.

Communications concerning this provision shall be addressed to the grant officer at the address shown on the face of this agreement.

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PARTICIPANT TRAINING (OCTOBER 1964)

This provision is applicable when any participant training is financed under the grant).

(a) Definitions:

1. Participant training is the training of any non-U.S. individual outside of his or her home country using funds or under AID sponsorship.

2. A participant is any non-U.S. individual being trained under this grant outside of his or her home country.

(b) Application of Handbook 10:

Participant training under this grant is to be conducted according to the policies established in AID Handbook Participant Training, except to the extent that specific exceptions to Handbook 10 have been provided in this grant with concurrence of the Office of International Training. Handbook 10 may be obtained by submitting a request to the Office of International Training (S&T/IT), Agency for International Development, Washington, D.C. 20523.)

(c) Reporting Requirement

For participants trained in the United States, data shall be submitted by means of the form AID 1381-4, "Participant Data", simultaneously with enrollment in the Health and Accident Coverage Program (see Section (d) below). For participants trained in third countries, grantees shall submit to S&T/IT only the top white sheet of the Participant Data form (and blue copies if subsequent changes in the participant's training program are made). Copies of the Participant Data form may be obtained from the Office of International Training at the address indicated in Section (b) above.

(d) Health and Accident Coverage (HAC) Program For Training Within The United States

The grantee shall enroll all participants training in the United States in AID's HAC Program.

1. The HAC Program enables the participant, or the provider of medical services, to submit bills for medical costs resulting from illness and accident to the HAC Claims Office. The grantee shall pay all reasonable and necessary medical charges for medical services not otherwise covered by other insurance (see paragraph 5 below), in accordance with the standard coverage established by AID under the HAC Program.

2. The grantee shall, as early as possible and no later than the initiation of travel to the United States by each participant financed by AID under this grant, fill out form AID 1381-4 entitled "Participant Data" and mail it to the address indicated on the back of the form. The grantee can obtain a supply of these forms and instructions for completing them from the Office of International Training at the address indicated in section (b) above.

3. Enrollment fees shall be submitted, thirty days prior to the beginning of each new enrollment period. The enrollment fee amount shall be obtained from the grantee as indicated in section (b) above. Payments will be made by check made payable to A.I.D. and submitted to:

Agency for International Development
Office of Financial Development
Central Accounting Division-Cashier (FM/CAD)
Washington, D.C. 20523

(a) The enrollment fee shall be accompanied by a check which lists the names of the enrollees identical to that on the Participant Data Form, period of coverage, fee amount, grant number, and the U.S. Government appropriation number as shown on the grant.

(b) The enrollment fees shall be calculated on the basis of fixed rates per participant per each 30 day period. The enrollment fees may not be prorated for fractional periods of less than 30 days and should cover the current enrollment period for which funds are obligated under the grant.

4. The grantee shall assure that enrollment begins immediately upon the participant's departure for the United States for the purpose of participating in a training program financed or sponsored by AID, and that enrollment continues in full force and effect until the participant returns to his or her country of origin or is released from AID's responsibility, whichever occurs first.

5. The grantee shall provide each participant with a copy of the HAC brochure, copies of which are available from S&T/IT at the address indicated in section (b) above.

6. If the grantee has a mandatory, nonwaivable health and accident insurance program for participants, the costs of such insurance will be allowable under this grant. Any claims eligible under such insurance will not be payable under AID's HAC plan or under this grant. However, even though the participant is covered by the grantee's mandatory, nonwaivable health and accident insurance program, the participant must be enrolled in AID's HAC Program. In addition, a copy of the mandatory insurance policy must be forwarded to the HAC Claims Office.

7. Medical costs not covered by the grantee's health and accident insurance program, or AID's HAC Program shall not be reimbursable under this grant unless specific written approval from the grant officer has been obtained.

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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:

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

"(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:

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

"(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.

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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:

(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.

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(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."

ASSURANCE OF COMPLIANCE WITH THE AGENCY FOR
INTERNATIONAL DEVELOPMENT REGULATION UNDER TITLE VI
OF THE CIVIL RIGHTS ACT OF 1964

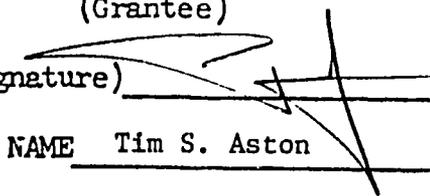
Cooperative for American Relief Everywhere (hereinafter called the "Grantee")
(Name of Grantee)

HEREBY AGREES THAT it will comply with title VI of the Civil Rights Act of 1964 (P.L. 88-352) and all requirements imposed by or pursuant to the Regulation of the Agency for International Development (22 CFR Part 209, 30 FR 317) issued pursuant to that title, to the end that, in accordance with title VI of that Act and the Regulation, no person in the United States shall, on the ground of race, color, religion, sex or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under and program or activity for which the Grantee receives Federal financial assistance from the Agency; and HEREBY GIVES ASSURANCE THAT it will immediately take any measures necessary to effectuate this agreement.

If any real property or structure thereon is provided or improved with the aid of Federal financial assistance extended to the Grantee by the Agency, this assurance shall obligate the Grantee, or in the case of any transfer of such property, any transferee, for the period during which the real property or structure is used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits. If any personal property is so provided, this assurance shall obligate the Grantee for the period during which it retains ownership or possession of the property. In all other cases, this assurance shall obligate the Grantee for the period during which the Federal financial assistance is extended to it by the Agency.

THIS ASSURANCE is given in consideration of and for the purpose of obtaining any and all Federal grants, loans, contracts, property, discounts or other Federal financial assistance extended after the date hereof to the Grantee by the Agency, including installment payments after such date on account of applications for Federal financial assistance which were approved before such date. The Grantee recognizes and agrees that such Federal financial assistance will be extended in reliance on the representations and agreements made in this assurance, and that the United States shall have the right to seek judicial enforcement of this assurance. This assurance is binding on the Grantee, its successors, transferees, and assignees, and the person or persons whose signatures appear below are authorized to sign this assurance on behalf of the Grantee.

Cooperative for American Relief Everywhere
(Grantee)

BY (Signature) 

TYPED NAME Tim S. Aston

TITLE Director, CARE/Haiti

DATE 2 August 1985