

# BEST AVAILABLE DOCUMENT

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AGENCY FOR INTERNATIONAL DEVELOPMENT

TITLE XII STRENGTHENING GRANT  
(Matching)

Grant No. AID/DSAN-XII-G-0163

NO. \_\_\_\_\_

Matching Formula Title XII  
PROJECT TITLE: University Strengthening Grant

PROJECT NO. 931-1282

AWARDED PURSUANT TO Sec. 297 & 635 OF THE FOREIGN ASSISTANCE ACT OF 1961, AS AMENDED

**GRANTOR**

Agency for International Development  
Office of Contract Management  
Washington, D.C. 20523  
Cognizant AID Scientific/Technical Office  
Office of Title XII Coordination and  
University Relations (DS/XII&UR)  
Development Support Bureau

**GRANTEE**

North Carolina State University/Raleigh  
Name

Street Address

Raleigh, North Carolina 27650

City State Zip Code

MAIL VOUCHERS (original and 3 copies) TO

EFFECTIVE DATE:

July 23, 1979

EXPIRATION DATE:

July 22, 1984

Office of Financial Management  
Agency for International Development  
Office of Financial Management  
Washington, D.C. 20523

**ACCOUNTING AND APPROPRIATION DATA**

Amount Obligated: \$100,000

Appropriation No: 72-1191021.3

Allotment No: 943-36-099-00-20-91

PIO/T No: 3698373

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LT 4190

1979

Proc. \_\_\_\_\_ Division \_\_\_\_\_

OFFICE OF FINANCIAL MANAGEMENT

The United States of America, hereinafter called the Government, represented by the AID Grant Officer executing this Grant, and the Grantee agree as follows: That the entire Grant consists of: The Cover Page; the Schedule, consisting of 5 pages; Attachment "A", Program Description, and Attachment B, Standard Provisions.

**GRANTEE**

North Carolina State Univ.

BY: (Signature of Authorized Individual)

Henry B. Smith

TYPED OR PRINTED NAME

HENRY B. SMITH

**TITLE**

DEAN FOR RESEARCH

**DATE**

JUL 30 1979

**UNITED STATES OF AMERICA**

**AGENCY FOR INTERNATIONAL DEVELOPMENT**

BY: (Signature of AID Grant Officer)

Morton Darwin

TYPED OR PRINTED NAME

Morton Darwin

**TITLE**

AID Grant Officer

**DATE**

19 JUL 1979

SCHEDULE

I. Authority and Purpose - This strengthening grant is awarded pursuant to Sections 297(a)(1) and 635(c) of the Foreign Assistance Act of 1961, as amended, to provide assistance to eligible universities to strengthen their capabilities in teaching, research and extension work in areas included under Title XII of the Act. The specific purpose of this Grant is to assist the Grantee to carry out the program described in Attachment A entitled "Program Description."

II. Reports - In order to implement continued funding, the grantee shall submit an annual report six months prior to the end of the obligation funding period set forth in Article V below covering the immediately preceding funding period. The report will contain information substantially as follows:

1. For each objective as set forth in Attachment A - Program Description, a comparison of actual accomplishments with the goals established for the reported period. Include a description of activities undertaken in relation to each objective, indicating those activities which are new.

2. Status of funds as reported on Standard Form 269, "Financial Status Report."

3. Discussion of any program or budget adjustments proposed to be made during the next period. It is understood that the first report prepared and submitted hereunder will provide information on less than the first full funding period.

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"4. The Grantee's report will be evaluated and further funding decisions will be made on the basis of progress in carrying out the general objectives of the grant as stated in the condensed proposal incorporated herein and in the context of the detailed proposal, including revisions and supplemental documentation, submitted by the Grantee in support of the Grant. Such detailed proposal, which includes an indicative work plan and budget details, is maintained in the files of A.I.D. and may be used to clarify the intent of the grant. However it is not incorporated by reference herein in order to permit the flexibility necessary to meet the objectives of the grant."

III. External Review and Evaluation - AID, with the Board of International Food and Agriculture Development (BIFAD) representatives and possibly other representatives of the university community will conduct an external review and evaluation of the grantee's activities hereunder, at approximately two-year intervals at the discretion of AID. Procedures and criteria for this evaluation will be jointly developed by BIFAD and AID. As a result of these reviews, AID may require adjustments to the program, its funding level, or both.

IV. Grant Term - (A). The term of this grant shall be for the period from July 23, 1979 to July 22, 1984 (B) No subordinate agreements under this grant shall extend beyond the term of this grant. (C). Based on each annual review and subject to mutual agreement of the parties hereto the term of this grant shall be extended in order to maintain a five year advance program plan.

V. Funds Obligated and Estimated Costs - The total estimated cost of the grant period set forth in Article IV above is \$1,000,000 of which \$500,000 represents AID's estimated contribution and \$500,000 represents Grantee's non-federal contribution. By the execution of

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this Grant, AID hereby obligates the sum of \$100,000 which is AID's share of the estimated cost for activities undertaken for the period beginning with the effective date of this grant as shown on the Cover Page and ending on September 30, 1980. Obligation of funds for activities to be undertaken in subsequent years of this Grant shall be in accordance with Attachment B - Standard Provision 9 of this grant entitled "Limitation of Funds." Payment hereunder will be made in accordance with the Standard Provision 8A entitled "Payment-FLRC Advance"

VI. Matching Funds - Annually, the grantee agrees to contribute and expend non-Federal funds for eligible strengthening activities under this grant in an amount at least equal to the amount expended from AID grant funds hereunder. Although both AID funds provided herein and grantee non-Federal funds may be expended for both new and ongoing strengthening activities, the expenditure for new activities must, in the performance of this grant, equal or exceed the amount expended from AID's obligation hereunder. For purposes of matching, only expenditures for direct costs (such as salaries, fringe benefits, purchases of supplies and equipment, scholarships, travel, shipment, communications and the like) may be attributed to Grantee's non-Federal contribution or AID's contribution.

If at the end of each year hereunder, the grantee has expended an amount of AID grant funds greater than expenditures from its own contribution, the difference shall be applied to reduce the amount of AID's obligation for the following year, or, if this grant has expired or been terminated,

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will be refunded to AID in accordance with Attachment B, Standard Provision 7 entitled "Refunds" of this grant. The total estimated cost as set forth in Article V will be amended to reflect changes in the contribution made by both AID and the Grantee.

VII. Standard Provisions - The attached Standard Provisions (Attachment B) unless changed below are the Standard Provisions of this Strengthening Grant. They will be included in any subagreements made hereunder with U. S. institutions.

The following changes have been made in the Standard Provisions of this grant.

A. In Standard Provision 7, entitled "Refunds," delete paragraph (c) and insert in lieu thereof the following:

"(c) If at anytime during the life of this Grant, it is determined by AID that funds obligated by AID under this Grant have been expended for purposes not in accordance with the terms of the Grant, the Grantee shall restore an equivalent amount to the Grant account which shall be available for other allowable expenditures under the Grant. Amounts of AID funds disallowed which cannot be allocated to allowable costs at the expiration or termination of this Grant shall be refunded to AID."

B. In Standard Provision 14, entitled, "Subordinate Agreements" add the following new paragraph:

"The Grantee may not make subgrants to U.S. institutions that do not meet the requirements of eligibility as defined in Section 296(d) of Title XII of the Foreign Assistance Act of 1961, as amended, and as designated by BIFAD and AID (see 43 FR 37049, dated August 21, 1978)".

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C. Regarding Standard Provision 5, "Travel and Transportation," payment of per diem shall be governed by the following:

For travel outside the conterminous United States, reimbursement for each per diem locality will be the average cost of lodging rounded to the next whole dollar plus 50 percent of the maximum locality rate. Total reimbursement shall not exceed the maximum per diem for each locality, unless specific approval is given in advance for actual expenses. Maximum locality rates shall be those established by the Department of Defense for non-foreign areas and by the Department of State for foreign areas.

When staff house or other free or low cost facilities are used the reduced rates indicated by footnote 1 on the per diem supplement (section 925) to the Standardized Regulations (Government Civilians, Foreign Areas) will be used directly as per diem. These low rates have already been computed on a basis similar to lodging plus and no further computation is necessary.

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Condensed Proposal for  
Title XI University Matching Formula Stipendium Grant  
for North Carolina State University

A. INTRODUCTION

North Carolina State University (NCSU), a Land-Grant Institution with a considerable history of involvement in international programs, now seeks to enhance its capacity for rendering more significant service to the very important goal of international development. The potential for funding through Title XII of the Foreign Assistance Act of 1975 hopefully will provide a portion of the resources necessary for this enhancement process.

The first major overseas development assistance program of NCSU, through its School of Agriculture and Life Sciences (SALS), was in Peru. This program, active during the period 1955-1972, began as a modest commitment to strengthen segments of the agricultural research program; it expanded into a wide-spectrum activity with national responsibilities in agricultural research, extension, and education. Some 380 scientist-years were allocated to the project, including 82 long-term and 80 short-term assignments. Other significant overseas activities have been the Soil Testing Program (1963-1975) in Latin America and several Asian countries; the five-university Consortium for Tropical Soils Research (1970 to present); a 211-d grant in soils and biological nitrogen fixation; a world-wide plant nematode research project (1974 to present); and many other small contracts and grants through USAID and private foundations. In recent years, formal relationships have been established with three of the International Agricultural Research Centers.

North Carolina is an important agricultural state -- generally ranking among the top 10 in agricultural income. Its agriculture is characterized by crop diversity, livestock, swine, poultry, and small farms. Some 60,000 of its farmers fall into the limited resource category.

NCSU has extensive agricultural research and extension agencies. The North Carolina Agricultural Research Service has an annual budget of approximately \$22 million and employs 362 regular faculty and 413 professionals on a temporary basis. The North Carolina Agricultural Extension Service has an annual budget of approximately \$19.7 million and employs 220 subject-matter specialists on the NCSU campus and 628 professional employees in the counties. The programs of both of these agencies have gained national and international acclaim for outstanding contributions to the development of modern agriculture.

B. SUMMARY OF STRENGTHENING GRANT PROJECT

The faculty of NCSU are keenly aware of the fact that much of the technology that it has developed and disseminated has not been fully adopted by its clientele in North Carolina. Similar but more extreme problems of technology adoption have been experienced by NCSU faculty working under technical assistance programs abroad. Problems of technology diffusion among limited-resource farmers through "green revolution" programs have been noted, but response to these problems has been meager and fragmented. We are not aware of any comprehensive research programs that have given concomitant attention to the identification of technology adoption constraints, to the development, adaptation and transfer of appropriate technology, and to the measurement of the consequence of its adoption by limited-resource farmers. NCSU now seeks to make a major institutional commitment to the study of these issues and to the development of protocols in research and extension to cope with them. The ultimate objective is to develop a generalized informational system<sup>1/</sup> through which resource

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<sup>1/</sup> Information system is a concept that identifies a series of sequential but interrelated events involved in problem assessment, development or adaptation of technology, technology transfer, assessing the impact of technology adoption and feedback to the resource allocation decision makers in research and extension



allocation decisions in research and extension programs can be adjusted to reflect adequately the problems and technology needs of limited-resource farmers. Achievement of this objective will permit NCSU to serve better its domestic mission and to undertake with greater expertise and efficiency international assistance programs that involve technology adaptation and diffusion. We cannot carry out effective international assistance programs until we understand better the needs, constraints, and potential of the clientele that we seek to serve. The proposed program will result in strengthening that will enable NCSU to do a more effective job of assisting with teaching, research, and extension programs abroad.

The strengthening grant program will involve the identification of limited-resource study groups that will receive intensive research and extension focus over a period of several years. One study group will be identified in the Coastal Plains region of North Carolina and another in the Amazon Basin of Peru (probably the Yurimaguas area). The constraint factors impinging upon these populations will be identified through extensive socio-economic and related agricultural-practice surveys. Farm management and production systems based upon existing and adapted technology will be devised for and recommended to the study-group participants to meet their individualized needs in overcoming principal constraints. These farming units will be reassessed annually, and the recommended production packages will be adjusted as necessary and feasible to achievement improvement objectives.

This program will be carried out by a broadly multidisciplinary team comprising scientists from NCSU in collaboration with colleagues from the Peruvian Ministry of Agriculture and Food and the International Center of Tropical Agriculture (CIAT, Cali, Colombia). Scientists from NCSU will carry out the domestic component and collaborate with CIAT and Peruvian scientists in carrying out the Peru component.

The University of Illinois is assisting the Peruvian Ministry of Agriculture and Food with a research and extension effort on soybeans and corn for small farms (Contract AID/1a-c-1206). Some of this work is being carried out in the high jungle near the Yurimaguas area. University of Illinois officials have expressed the desire to collaborate with our project in Peru to the extent of serving mutual objectives.

NCSU carries out collaborative and cooperative programs of research and extension with the North Carolina Agricultural and Technical State University (NCATSU) at Greensboro. A principal focus of NCATSU programs in agriculture is the small family farm. There will be a reciprocal interaction between NCSU and NCATSU to complement our respective institutional objectives in international programs, including strengthening grant programs.

The funds available through the strengthening grant will not be adequate to carry out this project. But principal costs of the North Carolina component will be sustained by NCSU; some of the strengthening grant funds will be used for the Peru component with complementation by the "pilot application phase" of the NCSU Tropical Soils Research Program, by the Government of Peru through its regular research and extension programs, and by PL 480 loan funds that are expected through USAID/Lima in support of technology transfer in the Yurimaguas area.

C. SPECIFIC STRENGTHENING GRANT OBJECTIVES

1. To enhance our capacity to assist research and extension decision-makers in focusing on a clientele with abundant labor resources but severe capital and land restraints.
2. To structure an interdisciplinary team with a charge to define the essential components of an information system appropriate to the above, to structure a conceptual framework, to elucidate testable

relationships within this framework, and to develop methodologies and research techniques necessary to test such relationships.

3. To test and adjust the information system components (inputs) against research management and extension delivery options targeted at the immobile rural-disadvantaged in North Carolina.
4. To design, in collaboration with LDC colleagues, an information system adapted to the assessment of indigenous research management issues.
5. To design jointly with LDC colleagues an information system adapted to the assessment of indigenous extension management issues.
6. To counsel with domestic and overseas colleagues, via workshops and seminars, on all aspects of these information systems.
7. To provide graduate education opportunities for both LDC and U. S. students in the area of technology adaptation and transfer.

Objective #1 represents the overall objective or goal of this strengthening program. The remaining objectives are more specific and will be implemented sequentially (with some exceptions) in achieving Objective #1. Progress toward achievement of Objectives 2-7 can be evaluated and described without difficulty. For example, Objective #2 involves establishment of an interdisciplinary team by the Dean of the School of Agriculture and Life Sciences and charged to develop the conceptual framework for the program and the specific implementation tasks. The aim of this action will be to "institutionalize" technology transfer to limited-resource farmers as an on-going program. Progress toward achievement of this objective can be measured in terms of administrative initiatives to establish the activity and specific actions in conceptualizing the components of a long-term program. The collective progress and accomplishments under Objectives 2-7 will indicate the progress toward accomplishment of the overall objective.

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An evaluation instrument could be devised for quantifying progress toward achievement of objectives, but it is not considered either desirable or necessary to carry evaluation of this program to that extreme.

D. EXPECTED BENEFITS

Multiple benefits will accrue to NCSU and potentially to USAID as a result of this strengthening grant activity. The principal benefits will be:

1. Development of a generalized protocol for identifying the constraints of limited-resource farmers to the adoption of new technology that would result in higher returns to labor and higher income for small farming operations;
2. Development of the components of an informational system that will reflect the needs of limited-resource farmers in allocating research and extension resources at the institutional or agency level;
3. Creation of an improved understanding by a broadly multi-disciplinary group of NCSU faculty and other collaborating scientists of the needs of limited-resource farmers and of the research and extension approaches applicable to the solution of their problems;
4. Institutionalization through the establishment of long-term research and extension projects of a commitment to serve the needs of limited-resource farmers in the domestic and overseas settings;
5. Development of an environment appropriate to and the capacity for graduate education in international agricultural development with a focus on the needs of limited resource farmers;

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6. Reinforcement of program linkages with other domestic institutions, international centers, and LDC national research programs; and
7. Development of a program capability in technology transfer that would be available to USAID through future grants and contracts.

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## STANDARD PROVISIONS

### 1. DEFINITIONS

(a) "Administrator" means the Administrator or the Deputy Administrator of the Agency for International Development.

(b) "AID" means the Agency for International Development.

(c) "Consultant" means any especially well qualified person who is engaged on a temporary or intermittent basis to advise the Grantee and who is not an officer or employee of the Grantee who performs other duties for the Grantee.

(d) "AID Grant Officer" means the person executing this Grant on behalf of the United States Government, and any other Government employee who is a properly designated AID Grant Officer; and the term includes, except as otherwise provided in this Grant, the authorized representative of an AID Grant Officer acting within the limits of his authority.

(e) "Grantee Employee" means a person in the employ of the Grantee assigned to work under this Grant.

(f) "Cooperating Country or Countries" means the foreign country or countries in or for which assistance is to be provided hereunder.

(g) "Cooperating Government" means the government of the Cooperating Country.

(h) "Economy Class" air travel (also known as jet economy, air coach, tourist class, etc.) means a class of air travel which is less than first class.

(i) "Grantee" means the institution entering into this Grant with the Government.

(j) "Government" means the United States Government.

(k) "Mission" means the United States Mission to, or principal AID office in, the Cooperating Country.

(l) "Mission Director" means the principal AID officer of the Mission in the Cooperating Country, or his designated representative.

(m) "OMB Circular No. A-110" means the Office of Management and Budget Circular entitled Grants and Agreements With Institutions of Higher Education, Hospitals and Other Nonprofit Organizations: Uniform Administrative Requirements (41 CFR 32016; July 30, 1976), including any amendments thereto.

(n) "FMC Circular 73-8" means Federal Management Circular 73-8 entitled Cost Principles for Educational Institutions.

(o) "Handbook 13" means AID Handbook 13, entitled Grants

(p) "Assistance Instruments" means either grants or cooperative agreements.

(q) "Subgrantee" means an eligible Title XII institution who receives a subgrant hereunder.

(r) "Subordinate agreement" or "subagreement" means any subgrant or contract executed under this Grant.

(s) "Contractor" means any institution or entity having a

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contractual relationship with the Grantee.

(t) "AID Project Officer" means a designated representative of the cognizant AID Scientific/Technical Office named on the Cover Page.

## 2. ALLOWABLE COSTS AND CONTRIBUTIONS

(a) Allowable costs under this Grant shall be limited to those costs which are reasonable, allocable, and allowable in accordance with the terms of (1) this Grant, (2) any negotiated advance understanding on particular cost items, and (3) FMC Circular 73-8, in effect on the date of this Grant.

(b) With regard to the allowability of non-Federal cost sharing contributions under this Grant, Attachment E, "Cost Sharing and Matching", to OMB Circular No. A-110 (as set out in paragraph 1K of Handbook 13) shall also apply.

## 3. ACCOUNTING, AUDIT, AND RECORDS

(a) The Grantee shall maintain a financial management system in accordance with the requirements set forth in OMB Circular A-110 (as implemented in Paragraph 1L of Handbook 13). A copy of reports of audits resulting from this system as they concern this Grant will be furnished to the Grant Officer.

(b) The AID Auditor General and the Comptroller General of the United States or their duly authorized representatives (see paragraph 16, Chapter 1 of Handbook 13) reserve the right to conduct an audit of the Grantee's books and records to determine whether the Grantee has expended AID's funds in accordance with the terms and conditions of this Grant. The Grantee agrees both to make available any further information requested by AID with respect to any questions arising as a result of the audit and to include the requirements of this provision in any subordinate agreement, including subgrants, entered into with a U.S. institution.

## 4. SALARIES

All salaries, wages, fees, and stipends, which will be reimbursable by AID under this Grant, shall be in accordance with both the Grantee's usual policy and practice and FMC Circular 73-8. To the extent that the Grantee's policy and practice conflict with FMC Circular 73-8, the latter shall prevail, unless the Schedule of this Grant expressly provides otherwise.

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## 5. TRAVEL AND TRANSPORTATION

(This provision is applicable when air travel or air shipment (both domestic and international) costs are reimbursable by AID under this Grant.)

(a) Allowable costs of travel under this Grant shall be in accordance with both the policy and practice of the Grantee and FMC Circular 73-8. To the extent the Grantee's policy and practice conflict with FMC Circular 73-8, the latter shall prevail unless the Schedule of this Grant provides otherwise.

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

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

(d) All international air travel and all international air shipments under this Grant shall be made on United States flag carriers. Exceptions to this rule will be allowed in the following situations, provided that the Grantee certifies to the facts in the voucher and other documents retained as part of the Grant records required by Standard Provision 3 above:

(1) where the traveler, while enroute, has to wait 6 hours or more to transfer to a U.S. flag air carrier to proceed to the intended destination, or

(2) where a flight by a U.S. flag air carrier is interrupted by a stop anticipated to be 6 hours or more for refueling, reloading, repairs, etc. and no other flight by a U.S. flag air carrier is available during the 6 hour period, or

(3) where by itself or in combination with other U.S. flag or non-U.S. flag air carriers (if U.S. flag air carriers are "unavailable") it takes 12 hours or longer from the original airport to the destination airport to accomplish the Grantee's program than would service by a non-U.S. flag air carrier or carriers, or

(4) when the elapsed travel time on a scheduled flight from

origin to destination airports by non-U.S. flag air carrier(s) is 3 hours or less, and services by U.S. flag air carrier(s) would involve twice such travel time.

NOTE: Where U.S. Government funds are used to reimburse Grantee's use of other than U.S. flag air 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 U.S. flag air carriers was unavailable for the following reason(s): (State appropriate reason(s) as set forth above; see 41 CFR 1-1.323-3 for further guidance).

(e) Travel allowances shall be reimbursed in accordance with FMC Circular 73-8 and the Federal Travel Regulations (FTR); however, if the Grantee's domestic and international travel allowance policies and procedures have been reviewed and approved by AID or another Federal department or agency pursuant to the applicable Federal cost principles, the Grantee may use its travel allowance system in lieu of the FTRs after it has furnished the AID Grant Officer with a copy of such approval.

(f) 50% of all international ocean shipment made by the Grantee, to be financed hereunder, shall be made on U.S. flag vessels. Where U.S. flag vessels are not available, or their use would result in a significant delay, the Grantee may request a release from this requirement from the Transportation Support Division, Office of Commodity Management, AID, Washington, D.C. 20523, giving the basis for the request.

(i) When the AID Transportation Support Division makes and issues a determination to the Grantee that U.S. flag vessels are not available, the ocean shipment costs on foreign flag vessels, as named in the determination, will be eligible for reimbursement under the Grant. In all instances Grantee vouchers submitted for reimbursement under the Grant which include ocean shipment costs will include a certification essentially as follows: "I hereby certify that a copy of each ocean bill of lading concerned has been submitted to the Maritime Administration, Cargo Preference Control Center, Commerce Building, Washington, D.C. 20235, and that such bill(s) of lading state all of the carrier's charges including the basis for calculation such as weight or cubic measurement, and indicate the applicable A.I.D. Grant Number."

(ii) Shipments by voluntary non-profit relief agencies (i.e.,

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PVO's) shall be governed by paragraphs (a) and (b) above and by AID Regulation 2, "Overseas Shipments of Supplies by Voluntary Non-Profit Relief Agencies" (22 CFR 202).

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

(This provision is applicable when the total procurement element, i.e., the sum of all purchase orders and contracts for goods and services, of this Grant does not exceed \$250,000.)

##### (a) Ineligible Goods and Services

Under no circumstances shall the Grantee use AID funds to procure any of the following under this Grant:

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

(For a more detailed discussion of the subject, see AID Handbook 1, Supplement B, Chapter 4D.)

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

##### (b) Restricted Goods

The Grantee shall not use AID funds to procure any of the following goods or services from a non-U.S. source (i.e., other than AID Geographic Code 000) without the prior written authorization of the AID Grant Officer:

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

(In addition to the foregoing rule regarding source, to be eligible for procurement with AID funds, the above commodities must meet the requirements contained in AID Handbook 1, Supplement B, Chapter 4C.)

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

(c) Geographic Source and Order of Preference

Except as may be specifically approved or directed in advance by the AID Grant Officer under paragraph 7(b) above, all other goods (e.g., equipment, materials and supplies) and services, the costs of which are to be reimbursed under this Grant by AID and which will be financed with United States dollars, shall be purchased in and shipped from only "Special Free World" countries (i.e., AID Geographic Code 935) in accordance with the following order of preference:

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

(d) Application of Order of Preference

When the Grantee uses AID funds to procure goods and services from other than U.S. sources under the order of preference in 7(c) above, it shall document its files to justify each such instance. The documentation shall set forth the circumstances surrounding the procurement and shall be based on one or more of the following reasons, which will be set forth in the Grantee's documentation:

- (1) the procurement was of an emergency nature, which would not allow the delay attendant to soliciting U.S. sources,
- (2) the price differential for procurement from U.S. sources exceeded by 50% or more the delivered price from the non-U.S. source,
- (3) impelling local political considerations precluded consideration of U.S. sources,
- (4) the goods or services were not available from U.S. sources, or
- (5) procurement of locally available goods or services as opposed to procurement of U.S. goods and services, would best promote the objectives of the Foreign Assistance Program under this Grant.

(e) The Grantee's Procurement System

- (1) The Grantee may use its own procurement policies and

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procedures provided they conform to the geographic source and order of preference requirements of this provision and paragraphs 3 and 4, Attachment 0 of OMB Circular No. A-110 (as set forth in paragraphs 1U.3 and 1U.4 of Handbook 13).

(2) If the Grantee's procurement policies and procedures have been reviewed against the procurement requirements of paragraphs 3 and 4 of Attachment 0 to OMB Circular No. A-110, (as set forth in paragraphs 1U.3 and 1U.4 of Handbook 13) and have been approved by AID or another Federal department or agency, the Grantee shall furnish the AID Grant Officer a copy of such approval; otherwise the Grantee's procurement policies and procedures shall conform to the specified requirements of OMB Circular No. A-110. (See Handbook 13, Chapter 1, paragraph 1U.)

(f) Procurement Systems - Subgrantees and Contractors

(1) U.S. subgrantees and contractors may use their own procurement policies and procedures provided the Grantee determines that they comply with the intent of paragraph 3 and the requirements of paragraph 4 of Attachment 0 to OMB Circular A-110 (as set forth in paragraphs 1U.3 and 1U.4 of Handbook 13).

(2) Non-U.S. subgrantees and contractors, who are located abroad and who do not perform in the U.S. under this Grant, may use their own procurement policies and procedures provided that the Grantee determines that they comply with the intent of paragraph 3 of Attachment 0 to FMC Circular No. 73-8 (as set forth in paragraph 1U.3 of Handbook 13); Paragraph 4 of Attachment 0 to OMB Circular No. A-110 (as set forth in paragraph 1U.4 of Handbook 13) does not apply to such non-U.S. institutions.

(g) Small Business

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

- (1) brief general description and quantity of goods or services,
- (2) closing date for receiving quotations, proposals, or bids, and
- (3) address where invitations or specifications can be obtained.

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#### (h) Ineligible Suppliers

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

#### 7. REFUNDS

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

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

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

#### 8A. PAYMENT - FEDERAL RESERVE LETTER OF CREDIT (FRLC) ADVANCE

(This provision is applicable when the total advances under all the Grantee's cost-reimbursement contracts and assistance instruments with AID exceed \$120,000 per annum and AID has, or expects to have a continuing relationship with the Grantee of at least one year.)

(a) AID shall open a Federal Reserve Letter of Credit (hereinafter referred to as an "FRLC") in the amount of this Grant against which the Grantee may present payment vouchers (i.e., Form TFS 5401). The payment vouchers shall not ordinarily be submitted more frequently than daily and shall not be less than \$5,000 or more than \$5,000,000. Since the FRLC method enables the Grantee to obtain funds from the U.S. Treasury concurrently with and as frequently as disbursements are made by the Grantee, there need be no time lag between disbursements by the Grantee and drawdowns from the U.S. Treasury by FRLC. Therefore, there is no necessity for the Grantee to maintain balances of Federal cash other than small

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balances.

(b) In no event shall the accumulated total of all such payment vouchers exceed the amount of the FRLC.

(c) If at any time, the AID Controller determines that the Grantee has presented payment vouchers in excess of the amount or amounts allowable in (a) and (b) above, the AID Controller shall advise the AID Grant Officer who may: (1) cause the FRLC to be suspended or revoked; (2) direct the Grantee to withhold submission of payment vouchers until such time as, in the judgment of the AID Controller, an appropriate level of actual, necessary and allowable expenditures has occurred or will occur under this Grant, and/or (3) request the Grantee to repay to AID the amount of such excess. Upon receipt of the AID Grant Officer's request for repayment of excess advance payments, the Grantee shall promptly contact the AID Controller to make suitable arrangements for the repayment of such excess funds. Advances made by primary Grantees (those which receive payments directly from the Government) to secondary recipients shall conform to the same standards applicable to advances made by the Government to the primary Grantee.

(d) Procedure for Grantee.

(1) After arranging with a commercial bank of its choice for operation under the FRLC and obtaining the name and address of the Federal Reserve Bank or branch serving its commercial bank, the Grantee shall deliver to the AID Controller 3 originals of Standard Form 1194, Authorized Signature Card for Payment Vouchers on Letters of Credit, signed by those official(s) authorized to sign payment vouchers against the FRLC and by an official of the Grantee who has authorized them to sign.

(2) The Grantee shall subsequently receive one certified copy of the FRLC.

(3) The Grantee shall confirm with its commercial bank that the FRLC has been opened and is available when funds are needed.

(4) To receive payment, the Grantee shall:

(A) Periodically, although normally not during the last five days of the month, prepare payment vouchers (Form TFS 5401) in an original and three copies.

(B) Have the original and two copies of the voucher signed by the authorized official(s) whose signature(s) appear on the Standard Form 1194.

(C) Present the original, duplicate and triplicate copy of the Form TFS 5401 to its commercial bank.

(D) Retain the quadruplicate copy of the voucher.

(5) After the first payment voucher (Form TFS 5401) has been processed, succeeding payment vouchers shall not be presented until the existing balance of previous payments has been expended or is insufficient to meet current needs.

(6) In preparing the payment voucher, the Grantee assigns a voucher number in numerical sequence beginning with 1 and

continuing in sequence on all subsequent payment vouchers submitted under the FRLC.

(7) A report of expenditures (i.e., SF 269, Financial Status Report) shall be prepared and submitted not less than quarterly within 30 days of the end of the period to the AID Controller, AID, Washington, D.C. 20523. This SF 269 Report, submitted with Standard Form 1034, Public Voucher for Purchases and Services Other Than Personal, shall be in an original and 2 copies.

(8) The SF 269 report is reviewed against this Grant's provisions, and any improper disbursement is disallowed. The Grantee is notified of the reason for the disallowance and is directed to adjust the next periodic report of expenditures to reflect the disallowance and to reduce its next payment voucher against the FRLC by the amount of the disallowance.

(9) In addition to the submission of the SF 269 and the SF 1034, the Grantee shall submit an original and 2 copies of SF 272, Federal Cash Transaction Report, as follows:

(A) For advances totaling less than \$1 million per year, the Grantee shall submit the SF 272 within 15 working days after the end of the reporting quarter.

(B) For advances totaling more than \$1 million per year, the Grantee shall submit the SF 272 within 15 working days after the end of each month, and

(C) The Grantee's cash needs for the ensuing period (i.e., quarter or month) shall be explained under the "Remarks" section of the SF 272.

(e) Refund of Excess Funds.

(1) If all costs have been settled under the Grant and the Grantee fails to comply with the AID Grant Officer's request for repayment of excess FRLC funds, the Government shall have the right, on other contracts or assistance instruments held with the Grantee, to withhold reimbursements due to the Grantee in the amount of the excess being held by the Grantee.

(2) If the Grantee is still holding excess FRLC funds on a contract or an assistance instrument under which work has been completed or terminated but all costs have not been settled, the Grantee agrees to:

(A) Provide within 30 days after requested to do so by the AID Grant Officer, a breakdown of the dollar amounts which have not been settled between the Government and the Grantee. (The AID Grant Officer will assume no costs are in dispute if the Grantee fails to reply within 30 days.)

(B) Upon written request of the AID Grant Officer, return to the Government the sum of dollars, if any, which represents the difference between (i) the Grantee's maximum position on claimed costs which have not been reimbursed and (ii) the total amount of unexpended funds which have been advanced under this Grant; and

(C) If the Grantee fails to comply with the AID Grant

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Officer's request for repayment of excess FRLC funds, the Government shall have the right, on other contracts or assistance instruments held with the Grantee, to withhold payment of FRLC or other advances and/or withhold reimbursements due the Grantee in the amount of the excess being held by the Grantee.

#### 8B. PAYMENT - PERIODIC ADVANCE

(This provision is applicable when total advances under all the Grantee's cost-reimbursement contracts and assistance instruments with AID do not exceed \$120,000 per annum or if total advances aggregate more than \$120,000 per annum but there is not a continuing relationship of at least one year.)

(a) Each month (or quarter, if the Grantee is on a quarterly basis) after the initial advance, the Grantee shall submit to the AID Controller an original and 2 copies of SF 272, Federal Cash Transaction Report, as follows:

(1) The Grantee shall submit the SF 272 within 15 working days after the end of the reporting period, and

(2) The Grantee's cash needs for the ensuing period (i.e., quarter or month) shall be explained under the "Remarks" section of the SF 272.

(b) Along with each SF 272 submission, the Grantee shall submit an original and 3 copies of SF 1034, Public Voucher for Purchases and Services Other Than Personal, each voucher shall be identified by this Grant number and shall state the total actual expenditures for the reporting period.

(c) Each quarterly voucher (i.e., SF 1034) or third monthly voucher, if the Grantee is on a monthly basis, shall also be supported by an original and 2 copies of an SF 269, Financial Status Report. The SF 269 shall be submitted within 30 days after the end of the reporting quarter and may be submitted separately from the SF 1034 and the SF 272; however, the SF 269 shall cover the same period as the SF 1034(s) and the SF 272(s).

(d) Refund of Excess Funds.

(1) If all costs have been settled under this Grant and the Grantee fails to comply with the AID Grant Officer's request for repayment of excess advance funds, the Government shall have the right, on other contracts or assistance instruments held with the Grantee, to withhold reimbursements due to the Grantee in the amount of the excess being held by the Grantee.

2) If the Grantee is still holding excess advance funds on a contract or assistance instrument under which the work has been completed or terminated but all costs have not been settled, the Grantee agrees to;

(A) Provide within 30 days after requested to do so by the AID Grant Officer, a breakdown of the dollar amounts which have not been settled between the Government and the Grantee. (The AID Grant Officer will assume no costs are in dispute if the Grantee fails to reply within 30 days.)

(B) Upon written request of the AID Grant Officer, return to the Government the sum of dollars, if any, which represents the difference between (i) the Grantee's maximum position on claimed costs which have not been reimbursed and (ii) the total amount of unexpended funds which have been advanced under this Grant; and

(C) If the Grantee fails to comply with the AID Grant Officer's request for repayment of excess advance funds, the Government shall have the right, on other contracts or assistance instruments held with the Grantee, to withhold payment of other advances and/or withhold reimbursements due the Grantee in the amount of the excess being held by the Grantee.

## 9. LIMITATION OF FUNDS

(This provision is applicable to all incrementally or partially funded Grants.)

(a) It is estimated that the cost to the Government for the performance of this Grant will not exceed the estimated cost set forth in the Schedule of this Grant and the Grantee agrees to use its best efforts to carry out the program specified in the Schedule and all obligations under this Grant within such estimated cost.

(b) The amount presently available for payment and allotted to this Grant, the items covered thereby, and the period of performance which it is estimated the allotted amount will cover, are specified in the Schedule. It is contemplated that from time to time additional funds will be allotted to this Grant up to the full estimated cost set forth in the Schedule. The Grantee agrees to carry out, or have carried out, the program under this Grant up to the point at which the total amount paid and payable by the Government pursuant to the terms of this Grant approximates but does not exceed the total amount actually allotted to this Grant.

(c) (1) If at any time the Grantee has reason to believe that the costs which it expects to incur in carrying out the program of this Grant in the next succeeding 60 days, when added to all costs previously incurred, will exceed 75 percent of the total amount then allotted to this Grant, the Grantee shall notify the AID Grant Officer in writing to that effect. The notice shall state the estimated amount of additional funds required to continue the program for the period set forth in the Schedule. (2) Sixty days prior to the end of the period specified in the Schedule, the Grantee will advise the AID Grant Officer in writing as to the estimated amount of additional funds, if any, that will be required for the timely carrying out of the program under this Grant or for such further period as may be specified in the Schedule or otherwise agreed to by the parties. (3) If, after

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notification, pursuant to (c)(1) or (c)(2), above additional funds are not allotted by the end of the period set forth in the Schedule or an agreed date substituted therefor, the AID Grant Officer will, upon written request by the Grantee, terminate this Grant pursuant to the provisions of the TERMINATION provision on such date. If the Grantee, in the exercise of its reasonable judgment, estimates that the funds available will allow it to continue to discharge its obligation hereunder for a period extending beyond such date, it shall specify the later date in its request and the AID Grant Officer, in his discretion, may terminate this Grant on that later date.

(d) Except as required by other provisions of this Grant, specifically citing and stated to be an exception from this provision, the Government shall not be obligated to reimburse the Grantee for costs incurred in excess of the total amount from time to time allotted to this Grant, and the Grantee shall not be obligated to continue carrying out the program under this Grant (including actions under the TERMINATION provision) or otherwise to incur costs in excess of the amount allotted to this Grant, unless and until the AID Grant Officer has notified the Grantee in writing that such allotted amount has been increased and has specified in such notice an increased amount constituting the total amount then allotted to this Grant. To the extent the amount allotted exceeds the estimated cost set forth in the Schedule, such estimated cost shall be correspondingly increased. No notice, communication or representation in any other form or from any person other than the AID Grant Officer shall affect the amount allotted to this Grant. In the absence of the specified notice, the Government shall not be obligated to reimburse the Grantee for any costs in excess of the total amount then allotted to this Grant, whether those excess costs were incurred during the course of this Grant or as result of termination. When and to the extent that the amount allotted to this Grant has been increased, any costs incurred by the Grantee in excess of the amount previously allotted shall be allowable to the same extent as if such costs had been incurred after such increase in the amount allotted, unless the AID Grant Officer issues a termination or other notice and directs that the increase is solely for the purpose of covering termination or other specified expenses.

#### 10. USE OF FOREIGN CURRENCY

(a) Whenever the Grantee has a need to convert U.S. dollars into local currencies, such conversion shall be made through the U.S. Disbursing Officer. If the Disbursing Officer is unable to effect such conversion, the Grantee is free to use the facilities of any accredited financial institution.

(b) All expenditures of the Grantee in excess or near-excess currency countries, including per diem (subsistence) expenses, which will be reimbursable by AID under this Grant, shall be funded from U.S. owned foreign currencies, unless otherwise authorized in writing by the AID Grant Officer.

#### 11. GRANT AMENDMENTS

This Grant may be amended by formal written modifications to the basic document. Amendments may be proposed by either party to this Grant; however, they must be acceptable to both parties before they become effective and binding.

#### 12. DISPUTES

(a) Except as otherwise provided in this Grant, any dispute concerning a question of fact arising under this Grant which is not disposed of by agreement shall be decided by the AID Grant Officer, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Grantee. The decision of the AID Grant Officer shall be final and conclusive unless within thirty (30) days from the date of receipt of such copy, the Grantee mails or otherwise furnishes to the AID Grant Officer a written appeal addressed to the Administrator, Agency for International Development, Washington, D.C. 20523. The decision of the Administrator or his duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith or not supported by substantial evidence. In connection with any appeal proceeding under this provision, the Grantee shall be afforded an opportunity to be heard and to offer evidence in support of its appeal.

(b) This DISPUTES provision does not preclude consideration of law questions in connection with decisions provided for in paragraph (a) above; provided that nothing in this Grant shall be construed as making final the decision of any administrative official, representative, or board on a question of law.

#### 13. TERMINATION

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

(b) For Convenience. This Grant may be terminated for

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convenience at any time by either party, in whole or in part, if both parties agree that the continuation of this Grant would not produce beneficial results commensurate with the further expenditures of funds. Both parties shall agree upon termination conditions, including the effective date and, in the case of partial termination, the portion to be terminated. The agreement to terminate shall be set forth in a letter from the AID Grant Officer to the Grantee.

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

#### 14. SUBORDINATE AGREEMENTS

The placement of subordinate agreements (e.g., leases, options, agreements, or contracts) with other organizations, firms or institutions and the provisions of such subordinate agreements are subject to prior written consent of the AID Grant Officer if they will be funded by AID hereunder, unless the Grantee's procurement system has been reviewed and approved pursuant to the appropriate section(s) of Paragraph 1U of Chapter 1, Handbook 13. In no event shall any such subordinate agreement be on a cost-plus-a-percentage-of-cost basis. Subordinate contractors (including suppliers) shall be selected on a competitive basis to the maximum practicable extent consistent with the obligations and requirements of this Grant.

#### 15. PUBLICATIONS

(This provision is applicable to any agreement which

produces any book, publication, or other copyrightable material.)

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

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

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

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

## 16. PATENTS

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

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

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

## 17. INELIGIBLE COUNTRIES

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

## 18. EQUAL OPPORTUNITY IN EMPLOYMENT

(This provision is applicable to all Grantees, subrecipients and contractors under this Grant who either perform work in the United States or who recruit personnel in the United States to do work abroad.)

(a) With respect to employment of persons in the U.S. under this Grant, the Grantee agrees to take all reasonable steps to ensure equality of opportunity in its employment practices without regard to sex, color or national origin of such persons and, in accordance with Title VI of the Civil Rights Act of 1964, when work funded by this Grant is performed in the U.S., no person shall, on the grounds of race, color or national origin, be excluded from participation, be denied benefits, or be subjected to discrimination. In addition, the Grantee agrees to comply, in accordance with its written assurance of compliance, with the provisions of Part 209 of Chapter II, Title 22 of the Code of Federal Regulations, entitled Non-discrimination in Federally Assisted Programs of the Agency for International Development - Effectuation of Title VI of the Civil Rights Act of 1964.

(b) In addition, the Grantee agrees to take all reasonable steps to ensure equality of opportunity in its employment practices without regard to sex, religion, age, and handicap, in accordance with P.L. 92-261, P.L. 93-259, P.L. 93-112 and P.L. 93-508. When work funded by AID under this Grant is performed in either the U.S. or overseas, no person shall on the grounds of sex, religion, age, or handicap, be excluded from participation, be denied benefits, or be subjected to discrimination.

## 19. U.S. OFFICIALS NOT TO BENEFIT

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

## 20. COVENANT AGAINST CONTINGENT FEES

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

commission, percentage, brokerage, or contingent fee.

## 21. NONLIABILITY

AID assumes no liability with respect to any third party for any claims for damages arising out of the program supported by this Grant.

## 22. TITLE TO, USE, AND CARE OF PROPERTY

(a) The term "property" as used in this provision shall mean Grantee purchased property the cost of which is reimbursed by AID under this Grant. The term "non-expendable property" means property which is complete in itself; does not lose its identity or become a component part of another article when put into use; is durable, with an expected service life of two years or more.

(b) The Schedule of this Grant shall specify (or the AID Grant Officer may direct) that title to specific property shall be vested in the Grantee, or in the Cooperating Country. When title is to be vested in the Grantee, paragraph (c) of this provision is applicable. When title is to be vested in the Cooperating Country, paragraph (d) of this provision is applicable. If specific direction regarding placement of title is not provided either in the Schedule of this Grant, or by the AID Grant Officer, then title shall be vested in the Grantee, and paragraph (c) of this provision is applicable.

### (c) Grantee Titled Property.

(1) The Grantee shall not charge for any depreciation, amortization, or use of property, title to which remains in the Grantee under this Grant, or any other U.S. Government agreement, subagreement, contract, or subcontract.

(2) The Grantee agrees to use and maintain the property for the purpose of this Grant in accordance with the requirements of paragraph 1T of Chapter 1, Handbook 13.

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

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

(ii) To transfer title to any such items in accordance with any written request therefor issued by the AID Grant Officer at any time prior to final payment under this Grant.

### (d) Cooperating Country Titled Property.

(1) Property titled to the Cooperating Country shall be under the custody and control of the Grantee until the owner of title directs otherwise, or completion of work under this Grant, or its termination, at which time custody and control shall be turned over to the owner of title, or disposed of in

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accordance with its instructions. All performance guarantees and warranties obtained from suppliers shall be taken in the name of the title owner.

(2) The Grantee shall prepare and establish a program to be approved by the Mission, for the receipt, use, maintenance, protection, custody, and care of the Cooperating Country titled property for which it has custodial responsibility, including the establishment of reasonable controls to enforce such program. The Grantee shall be guided by the requirements of paragraph 1T of Chapter 1, Handbook 13.

(3) Within 90 days after completion of this Grant, or at such other date as may be fixed by the AID Grant Officer, the Grantee shall submit an inventory schedule covering all items of property under its custody, title to which is in the Cooperating Country or public or private agency designated by the Cooperating Country, which have not been consumed in the performance of this Grant. The Grantee shall also indicate what disposition has been made of such property.

### 23. AUDIT AND RECORDS - NON U.S. SUBGRANTEES AND CONTRACTORS

(1) The Grantee shall require non U.S. subgrantees and non U.S. contractors (see paragraph L3, Chapter 1 of Handbook 13) to maintain books, records, documents and other evidence and accounting procedures and practices sufficient to reflect properly that funds provided by the Grantee were expended exclusively for the purposes of the subordinate agreement. Such records shall be maintained for three years following the expiration of the subordinate agreement.

(2) The Grantee shall ensure that, after each twelve months of a subordinate agreement with a non-U.S. institution, an audit is conducted on the subgrantees and/or contractors's records by an independent public accountant with a national certification similar or equivalent to a certified public accountant. If the Grantee determines that an audit is not possible or feasible it shall submit to the AID Grant Officer the reasons why such an audit is not possible or feasible, and present for the approval of the AID Grant Officer, alternatives which will achieve the objectives, set forth in this provision. The Grantee shall include in each subordinate agreement hereunder, a provision by which the Grantee asserts the right to audit if the independent audit does not take place or is unacceptable. The subordinate agreement shall also require that the subgrantees and contractors shall make available any further information as requested by the Grantee with respect to questions concerning the audit. The report of independent audit shall be submitted to the Grantee and retained by it in accordance with the standard provision entitled ACCOUNTING, AUDIT AND RECORDS.

(3) The purpose of the independent audit shall be to determine the propriety and necessity of the subrecipient's expenditures in terms of the purposes for which the funds were made available, and the adequacy of the subrecipient's financial management. Notwithstanding the requirement for an independent audit, the AID Auditor General and the Comptroller General of the United States or their duly authorized representatives (see paragraph I6, Chapter 1 of Handbook 13) reserve the right to conduct an audit of the subrecipient's books and records to determine whether the subrecipient has expended AID's funds in accordance with the terms of this Grant. The terms of this Provision are applicable only to subordinate agreements with non-U.S. institutions.

#### 24. REGULATIONS GOVERNING EMPLOYEES OUTSIDE THE UNITED STATES

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

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

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

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

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

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

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

## 25. NOTICES

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

TO THE: AID Grant Officer;

TO THE: Grantee at Grantee's address shown in this Grant;  
or to such other address as either of such parties shall designate by notice given as herein required. Notices hereunder shall be effective when delivered in accordance with this provision or on the effective date of the notice, whichever is later.