



USAID
DEL PUEBLO DE LOS ESTADOS
UNIDOS DE AMÉRICA

July 27, 2006

Mr. Marco A. Gonzalez Pastora
Executive Secretary
Comisión Centroamericana de Ambiente y Desarrollo
(CCAD)
Boulevard Orden de Malta No. 470
Urbanización Santa Elena
Antiguo Cuscatlán, La Libertad, El Salvador.

Subject: Award No. 596-A-00-06-00078-00

Dear Mr. Gonzalez:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the U.S. Agency for International Development (USAID) hereby awards to Comisión Centroamericana de Ambiente y Desarrollo (CCAD) (hereinafter referred to as the "Recipient"), the sum of \$5,577,000.00 to provide support for regional integration in environmental matters and promote the upward harmonization of environmental legislation, norms, indicators, standards, and enforcement procedures as described in the Schedule of this award and in Attachment 2 entitled "Program Description."

This award is effective and obligation is made as of the date of this letter and shall apply to expenditures made by the Recipient in furtherance of program objectives during the period beginning with the effective date and ending June 30, 2009. USAID will not be liable for reimbursing the Recipient for any costs in excess of the obligated amount.

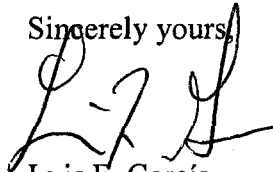
This award is made to the Recipient on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1 (the Schedule), Attachment 2 (the Program Description), and Attachment 3 (the Standard Provisions), all of which have been agreed to by your organization.

Programa Regional para Centroamérica y México (E-CAM)
Agencia de los Estados Unidos para el Desarrollo Internacional (USAID)
Embajada de los Estados Unidos de América
Bulevar y Urbanización Santa Elena
Antiguo Cuscatlán, La Libertad, El Salvador, C.A.
Casilla Internacional: Unit 3110, APO AA, 34023, USA

Tel. 503-2234-1666
Fax 503-2298-0885
www.usaid.gov/sv

Please sign the original and all enclosed copies of this letter to acknowledge your receipt of the award, and return the original and all but one copy to the undersigned.

Sincerely yours,



Luis F. García
Regional Agreement Officer
USAID/El Salvador

Attachments:

- A. Schedule
- B. Program Description
- C. Standard Provisions

ACKNOWLEDGED: Comisión Centroamericana de Ambiente y Desarrollo (CCAD)

BY: *[Signature]*

TITLE: *Executive Secretary*

DATE: *27.07.2006*

A. GENERAL

- 1. Total Estimated USAID Amount: \$5,577,000.00
- 2. Total Obligated USAID Amount: \$750,000.00
- 3. Cost-Sharing Amount (Non-Federal): \$1,666,458.00
- 4. USAID Technical Office: USAID/E-CAM/EG
- 5. DUNS Number:

B. SPECIFIC

MAARDs No.: a) 596-0200-3-60033

5960200 G-CAP-REG 596-SA-596-0200-05-06 = \$650,000.00

b) 596-0200-3-60043

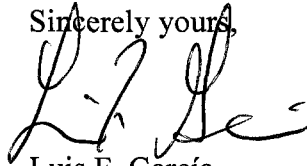
5960200 2005/06 ES-06 596-SA-596-0200-06-01 = \$100,000.00

Budget Fiscal Year: 2005/2006

Operating Unit: 519

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Regional Agreement Officer
USAID/El Salvador

Attachments:

- A. Schedule
- B. Program Description
- C. Standard Provisions

ACKNOWLEDGED: Comisión Centroamericana de Ambiente y Desarrollo (CCAD)

BY: Mymalef

TITLE: Executive Secretary @CCAD

DATE: August 8, 2006

A. GENERAL

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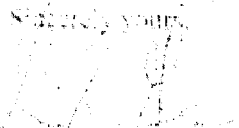
5960200 2005/06 ES-06 596-SA-596-0200-06-01 = \$100,000.00

Budget Fiscal Year: 2005/2006

Operating Unit: 519

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Luis F. Garcia
Regional Agreement Officer
USAID El Salvador

Attachments:

- A. Schedule
- B. Program Description
- C. Standard Provisions

ACKNOWLEDGED: Comision Centroamericana de Ambiente y Desarrollo (CCAD)

BY: MARCO B. GUYOLEZ *Pyngyalep*

TITLE: Executive Secretary CCAD

DATE: 27.07.2006

A. GENERAL

- 1. Total Estimated USAID Amount: \$5,577,000.00
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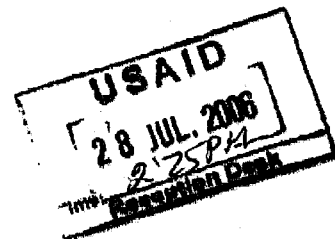


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SCHEDULE

A.1 PURPOSE OF AGREEMENT

The purpose of this Agreement is to provide support for the program described in Attachment 2 to this Agreement entitled "Program Description."

A.2 PERIOD OF AGREEMENT

1. The effective date of this Agreement is the date of this letter . The estimated completion date of this Agreement is June 30, 2009.

2. Funds obligated hereunder are available for program expenditures for the estimated period to September 30, 2006.

A.3 AMOUNT OF AWARD AND PAYMENT

1. The total estimated amount of this Award for the period shown in A.2.1 above is \$5,577,000.00.

2. USAID hereby obligates the amount of \$750,000.00 for program expenditures during the period set forth in A.2.2 above and as shown in the Budget below. The recipient will be given written notice by the Agreement Officer if additional funds will be added. USAID is not obligated to reimburse the recipient for the expenditure of amounts in excess of the total obligated amount.

3. Payment shall be made to the Recipient by Advance Payment in accordance with procedures set forth in General Provision "Payment - Advance".

4. Additional funds up to the total amount of the grant shown in A.3.1 above may be obligated by USAID subject to the availability of funds, satisfactory progress of the project, and continued relevance to USAID programs.

A.4 BUDGET

The following is the Agreement Budget, including local cost financing items, if authorized. Revisions to this budget shall be made in accordance with Revision of Grant Budget.

<u>BUDGET LINE ITEMS</u>	<u>TOTAL</u>
Component 1	\$1,235,500.00
Strengthen Environmental Management systems in CAFTA-DR countries	
Component 2	\$1,002,000.00
Strengthened ability to comply with CAFTA-DR Environmental Obligations	

Component 3	\$ 482,000.00
Implement & Improve compliance with environmental laws and Multilateral Environmental Agreements	
Component 4	\$ 926,300.00
Increase Use of Clean Production Technologies	
Component 5	\$ 320,839.00
Increase Inter-ministerial Coordination, Capacity Building and Communication	
Communication and Branding Plan	\$ 343,292.00
CCAD's Personnel	\$ 856,239.00
Other Direct Costs	\$ 410,830.00
TOTAL	\$5,577,000.00

CCAD COST SHARE CONTRIBUTION

Component 1	\$ 214,000.00
Component 2	\$ 100,000.00
Component 4	\$ 185,500.00
CCAD	\$1,166,958.00
TOTAL	\$1,666,458.00

TOTAL PROGRAM COSTS \$7,243,458.00

A.5 REPORTING AND EVALUATION

1. Financial Reporting

The recipient shall submit the original and one copy of the SF 10-34 financial report on a monthly basis, in accordance with Standard Provision of this award entitled "Payment-Advance" as shown in Attachment 3. Quarterly accruals will be submitted electronically no later than the 15th of the month they are due using the format which will be provided by USAID. The recipient will be expected to provide a quarterly report on cost share contribution and disaggregate accruals and expenditure reports by USAID source of funding (activity and country). Financial Reports shall be in keeping with General Provision "Accounting, Audit, and Records".

Annual Work Plan

The Recipient shall submit, for USAID approval, annual work plans which delineate major activities to be undertaken by the Recipient and the results to be achieved in accordance with the approved program. The plans should propose relevant indicators to monitor performance and expectations of collaborators such as EPA and other USG agencies. Indicators will include disaggregated gender information. The implementation plan shall be submitted within thirty days after signing the agreement. USAID will review the work plan within two weeks of its receipt, and provide feedback as necessary and/or convenient.

The annual work plan will be in Spanish and English (in accordance with CAFTA-DR) and must be provided electronically. The annual work plan must contain:

- Timeline of activities
- Summary budget by activity and by source of funding country (revised as necessary)
- Anticipated delivery mechanisms for each activity (e.g. subcontract)
- Expected results by activity and by country (including performance indicators)
- Methodology for measuring results
- Reports to be completed

Quarterly Technical Performance Reports

The Recipient is responsible for performance under the Cooperative Agreement and therefore, will ensure that time schedules are being met, projected work units by time periods are being accomplished, and other performance goals are being achieved. The Recipient will also ensure that appropriate project evaluation, monitoring, and financial systems are in place and that USAID/ES has complete access to all relevant project data. Based upon this, the Recipient will maintain monthly records and shall submit quarterly technical performance reports (in Spanish) to the CTO at USAID/ES that briefly (not to exceed 5-10 pages) present at a minimum, the following information:

- a) A comparison of actual accomplishments with the target established for the period in the implementation plan based on indicators.
- b) If established targets were not met, reasons why they were not met, and actions that will be taken towards their achievement.
- c) Summary of technical assistance provided or arranged to be provided.
- d) Information on changes and movements of personnel;
- e) Other pertinent information including a schedule of activities planned for next quarter, travel notifications of CCAD personnel.

These quarterly technical performance reports will be submitted electronically and in hard copy no later than 30 days after the completion of the quarter. If any performance review conducted by the Recipient discloses the need for change in the financial plan in accordance with the criteria established in the Standard Provision entitled "Revision of Grant Budget" the Recipient shall submit a request for revision to the financial plan. The annual report (in English and Spanish) will be due no later than October 15 of each year. Quarterly reports will be due January 15, April 15 and July 15. Quarterly reports should include information that demonstrates the major impact that the activity/program has had during the reporting period through materials such as articles, photos, quotes and facts about their work.

The recipient will provide a detailed schedule of activities planned for each quarter; and an updated schedule will be provided on a monthly basis to the CTO.

Final Report

At the end of the Cooperative Agreement, in lieu of the last quarterly report, a final report must be submitted to the CTO. The format for the final report will be proposed by the Recipient and approved by USAID. A draft copy in English and a draft copy in Spanish will be submitted

within 30 days of completion of the Agreement. USAID will review the drafts within 2 weeks, and comments will be incorporated into the final report, which must be submitted within 60 days of Agreement completion. Five copies of the final report will be required in English and five copies in Spanish. An electronic version of the final report in both languages is also required. The Recipient shall also submit one copy in English to USAID/PPC/CDIE/DI, Room 6.07-121, RRB, 1300 Pennsylvania Ave, Washington, DC 20523-6802.

A.6 TITLE TO PROPERTY

Property Title will be vested with the Recipient.

A.7 AUTHORIZED GEOGRAPHIC CODE

The authorized geographic code for procurement of goods and services under this award is 000.

A.8 COST SHARING

The Recipient agrees to spend funds from non-U.S. Government sources an amount not less than \$1,666,458.00 of the total activity costs.

A.9 SUBSTANTIAL INVOLVEMENT UNDERSTANDINGS

USAID/E-CAM, through its Cognizant Technical Officer (CTO) will be involved in activities under this Agreement through coordination and collaboration with the Recipient. The main activities in which USAID/E-CAM will be substantially involved are the following:

1) Approval of the Applicant's Implementation Plans.

Approval of Annual Implementation Plans will be required; significant changes during implementation will require additional approval from USAID/E-CAM.

2) Approval of specified key personnel.

Only those positions which are considered to be essential to the successful implementation of the award will be designated as Key Personnel. It is USAID policy to limit this to a reasonable number of positions, generally no more than five positions working under the award.

3) Agency and Applicant collaboration or joint participation.

a. USAID will be an advisory committee member and will be collaboratively involved in the selection of other members. This committee will meet at least twice per year. The Advisory committee will concern itself only with technical or programmatic issues and not routine administrative matters;

b. USAID will approve the Applicant's monitoring and evaluation plans;

d. USAID will monitor activities and expenditures to permit specified kinds of direction or redirection because of interrelationships with other projects.

A.10 COGNIZANT TECHNICAL OFFICER

The Cognizant Technical Officer (CTO) designated for this program will be designated in a separate document. The CTO is authorized to perform the routine monitoring and administrative responsibilities associated with this Agreement, except those which involve changes in the period, purpose, funding, or terms and conditions of the Agreement. In the event of any question about the authority of the CTO to take any specific action, it is the responsibility of the Recipient to bring the issue to the attention of the Regional Agreement Officer.

A.11 KEY PERSONNEL

The following positions and individuals have been designated as key to the successful completion of the objective of this award. In accordance with the Substantial Involvement clause of this Award, these personnel are subject to the Approval of the USAID Technical Officer.

Title	Name
Chief of Party	Luis Ricardo Aguilar
Natural Resources Specialist	Bruno Busto Brol
Legal Specialist	Salvador Ernesto Nieto Cárcamo
Communications Specialist	Gandhi Montoya
Administrative Assistant	TBD

A.12 RESOLUTION OF CONFLICTS

Conflicts between any of the Attachments of this Award shall be resolved by applying the following descending order of precedence:

- Attachment 1 - Schedule
- Attachment 3 - Standard Provisions
- Attachment 2 - Program Description

A.13 PAYMENT OFFICE

USAID/EL SALVADOR
Boulevard Santa Elena Sur
Antiguo Cuscatlán
La Libertad, El Salvador

A.14 SPECIAL PROVISIONS

A.14.1 Executive Order On Terrorism Financing (FEB 2002)

The Recipient is reminded that U.S. Executive Orders and U.S. law prohibits transactions with, and the provision of resources and support to, individuals and organizations associated with terrorism. It is the responsibility of the recipient to ensure compliance with these Executive Orders and laws. This provision must be included in all subcontracts/subawards issued under this agreement.

A.14.2 Salary Supplementation

No funds provided under this Agreement shall be used to make any payments to employees of any government unless specifically authorized in writing by the Agreement Officer.

A.14.3 Prohibition of Assistance to Drug Traffickers (ADS 206.5.9)

USAID reserves the right to terminate this Agreement, to demand a refund, or take other appropriate measures if the Grantee is found to have been convicted of a narcotics offense or to have been engaged in drug trafficking as defined in 22 CFR Part 140.

A.14.4 Value Added Tax (VAT)

The assistance thereunder is free from any taxes under the laws in effect in the territory of each member country as specified in Section “B.4. Taxation” of Annex 2 “Standard Provisions” of Strategic Objective Grant Agreement (SOAG) No. 596.-022, which provides the funds for this program.

A.14.5 Branding Plan

The recipient must comply with the USAID “Graphics Standards Manual” available at www.usaid.gov/branding, or any successor branding policy. The recipient shall submit a branding and communications strategy in accordance with Acquisition & Assistance Policy Directive AAPD 05-10 with a revised budget not later than 30 days after the signature of the Agreement.

A.14.6 Gender

To the extent possible, data collection must be disaggregated by sex, and should be presented in absolute numbers and percentages to facilitate comparisons. This will be required on all training reporting. They will be expected to maintain a gender focus throughout activity implementation.

A.14.7 Travel

In accordance with OMB A-122, section 55 entitled “Travel Costs” and in accordance with the Standard Provision of this Agreement entitled “International Air Travel and Transportation”, prior Agreement Officer approval is required for all international travel. Approval is hereby provided for 1812 international trips among the Central America countries and/or Dominican Republic. The Recipient shall require the Agreement Officer approval for the trips proposed under the Communication and Branding Plan line item.

Because of the nature of this program and large quantity of travel involved, information needs to be readily available, and submitted in a monthly consolidated list one month in advance of the planned trips, to the USAID/CTO with the following information:

1. Name of traveler.
2. Purpose of trip.

3. Period of travel.
4. Destination(s).
5. Notification if primary purpose of the trip is to work with USAID Mission personnel.
6. If the primary purpose of the trip is based on 5 above, the recipient must request through the CTO, approval at least 14 calendar days in advanced of the proposed travel. The CTO will notify the recipient at least 5 working days prior to travel, in case the travel is denied. If there is no notification of denial, the recipient may travel.

A.14.8 Initial Environmental Examination and Regulation

The Recipient shall consult with the CTO and designated MEO to ensure that the activity is in compliance with these conditions or other prescribed environmental management measures described in the Threshold Decision for the Initial Environmental Examination and Regulation 216.”

A.14.9 Per Diem

The Recipient will no be paid any sum in excess of the authorized per diem rates by the U.S. Department of State.

A.14.10 Nethercut Amendment

United States law prevents the use of Economic Support Funds to provide assistance to the government of a country that is a party to the International Criminal Court and has no entered into an agreement with the United States pursuant to Article 98 of the Rome Statute preventing the International Criminal Court from proceeding against United States personnel present in such country. As Costa Rica and Mexico have not entered into such an agreement, their governments are subject to this restriction. In preparing its activity plan, the Grantee shall provide USAID with advance notice of any planned activities which may be construed as assistance to the governments of Costa Rica and/or Mexico (including any government officials) in order that USAID may ensure that no Economic Support Funds are allocated to such activity prior to approving such plan.

A.14.11 Pre-Agreement Costs

Pre-award costs were authorized to be incurred as of May 1st, 2006 through July 31, 2006, not to exceeding the amount of \$169,620.00 for the following program activities that led toward the improvement and effective enforcement of environmental laws, as per Article 2 of the CAFTA-DR:

- a) The formulation, consultation, validation, approval, and implementation of administrative environmental procedures in consultation with the legal environmental authorities and prosecutors.
- b) The consultation, validation and approval for the handling of the solid waste proposal. This policy is being developed with the cooperation of the United States for Environmental Protection Agency (US EPA) and the consultation process with the environmental, sanitary and local authorities.
- c) Process for the consultation, validation, and approval of the solid waste proposal with the involved actors (Regional workshop).

- d) Training on environmental inspections techniques, directed to public prosecutors and civil employees of environment authorities, agriculture, health, and economy, among others. Two national workshops for Panama and Costa Rica.
- e) The first working meeting of the Technical Commission for revision of the programs and projects of the guidelines for the Cleaning Production Regional Policy on Cleaning Production. This activity will be jointly implemented with the Thematic Forum on Cleaning Production where the platform elaborated in the subject would be presented. This forum seeks to raise funds for the implementation of the policy from a synergetic approach.
- f) Promote private-public alliances. Experts exchange in the private and public sector. Strengthening regional nodes of the cleaner production.
- g) Technical meeting CCAD-SIECA

The amount of \$169,620.00 is included within the budget components and is within the USAID contribution of the Program (\$5,577,000.00)

A.14.12 Special Award Condition

CCAD agrees that it does and will comply with all the applicable labor laws in the region on a basis consistent with the laws of each country in which it operates, regardless of the source of funding. This provision constitutes a full release and accord and satisfaction of the United States Government by CCAD of any and all labor law claims, demands, or causes of action, actual or perceived, known or unknown, arising under or related to any funding instrument entered into with the United States Government (or any agency thereof), whether in the past or future (collectively, "USG Instruments"), including without limitation Cooperative Agreement No. 596-A-00-06-00078-00. CCAD remises, releases, and discharges the United States Government, its officers, agents, and employees of and from all civil liabilities, obligations, claims, appeals and demands which it now has or hereafter may have, whether known or unknown, administrative or judicial, legal or equitable to include attorney's fees, arising under or in any way related to the USG Instruments. CCAD agrees that it will not authorize any of its subcontractors, subgrantees, and/or suppliers under the USG Instruments to file any legal action on its behalf for it or in its name and will object to the prosecution of any such legal action in the CCAD's name. If such objection is not filed by CCAD within 10 calendar days after a subcontractor, subgrantee and/or supplier files any legal action, the United States Government may move to dismiss the appeal with prejudice, using this document as evidence of the lack of the subcontractor's, subgrantee's and/or supplier's authority to file such action and CCAD's objection to the same. Furthermore, it is agreed that CCAD discharges the United States Government from and will indemnify the United States Government for any costs related to labor disputes or any other labor costs for past and future liabilities based on claims arising prior to the effective date of this Cooperative Agreement, whether funded by USAID in a separate instrument or otherwise.

A.14.13. Special Provision

The Grantee represents that it has a contractual relationship, rather than employer-employee or other relationship, with each of the staff members to be engaged under this agreement and accordingly is not obligated under applicable law to pay any social security, pension, bonus, severance or other payments not specified in individual contracts with such staff (the "Non-contractual Payments"). Accordingly, any Non-contractual Payments to individuals providing services pursuant to this agreement which are not specified in advance in the budget hereto as

Section A.4 of the Schedule will be deemed not to be “allowable costs” within the meaning of Section C1(a)(3) of the Standard Provisions attached hereto as Attachment 3.

A.14.14 Pre-Award Survey Recommendations

The Recipient shall submit updated procedures and manuals not later than 3 months after the signature of this cooperative agreement for the following:

- a) Tax exemption/recovery policies and procedures in the region;
- b) Establishment of personnel policies that set up procedures for annual salary increases (range of 1-5%);
- c) Update allowances provided to international consultants.
- d) Consolidation of official files to ensure that they are located in one specific Office.

PROGRAM DESCRIPTION

I. Introduction

The USAID Strategy for Central America and Mexico (approved in 2004) marked a tactical shift in the USAID development strategy for the region. This strategy recognized that the Central American – Dominican Republic Free Trade Agreement (CAFTA-DR) and growing regional integration bring a unique set of challenges and opportunities to the region. The opportunities are clear: the chance to permanently break free from centuries of dependence on relatively few primary commodities and see sustained levels of economic growth sufficient to reduce poverty and reduce inequality. But the challenges remain. Foremost are the challenges of competing in a global market and the environmental threats to economically and biologically important watersheds.

II. Background

USAID has signed a strategic objective grant agreement with SG-SICA (the Central American Integration System) to achieve the Strategic Objective; “Economic Freedom: Open Diversified Expanding Economies,” for the new regional program for Central America and Mexico. SICA was created by the Central American presidents in 1993. SICA’s mandate is to coordinate the implementation of Presidential Summit resolutions and decisions made by the Council of Ministers of Foreign Affairs. SICA is charged with coordinating regional agreements regarding environment, economic, institutional, political, judicial and social integration. Member countries include Panama, Belize, Honduras, Nicaragua, Costa Rica, El Salvador, and Guatemala. The Dominican Republic joined SICA in late 2005 as a result of CAFTA-DR. Mexico is invited to Ministerial meetings as a non-voting member. In addition to SICA’s General Secretariat based in El Salvador, the System includes eight specialized councils and their respective secretariats, fourteen “regional institutions,” and six ad-hoc secretariats. A consultative advisory group, composed of 26 different organizations representing the private sector, municipal governments, small producers and indigenous groups, advises SICA.

The Central American Commission for Environment and Development (CCAD) is the organization within SICA responsible for supporting regional integration in environmental matters, promoting the upward harmonization of environmental legislation, norms, indicators, standards, and enforcement procedures, as well as promoting incentives and certification schemes. CCAD was created in 1991, through the Tegucigalpa Protocol signed by all the Central American Presidents. CCAD is presided over by the Council of Environment Ministers. Coordination and promotion of the Ministerial agenda is the responsibility of the CCAD Executive Secretariat. The CCAD Executive Secretariat resides in SICA’s Environment Directorate in El Salvador.

The Central American Economic Integration Secretariat (SIECA) is the regional technical body that implements the regional agenda of the Trade Ministers represented in COMIECO. Their primary role is to promote the harmonized development of a regional trade agenda. SIECA’s current strategy focuses on building a Central American Common Market and inserting the

region in the world economy and trade. SIECA provides assistance and training throughout the region. In addition to its work with the Trade Ministries, SIECA is the technical secretariat for the Ministers of Transport, Finance and Labor.

To ensure coordination of trade and environment activities, high level representatives from SIECA, CCAD and USAID will meet to plan a mechanism for strengthened coordination of the trade and environment agendas in CAFTA-DR countries.

The USAID Regional Environmental Program for Central America was established to fulfill U.S. commitments under the Central America–United States Agreement (CONCAUSA). In 1994, the seven Central American countries signed the Alliance for Sustainable Development (ALIDES) which establishes the parameters for collaboration and coordination between countries, and outlined specific political, social, economic, cultural, and environmental objectives. CONCAUSA was signed at the Summit of the Americas in Miami (1994).

This program will primarily focus its efforts on addressing U.S. commitments under CAFTA-DR. As signatories to CAFTA-DR, participating countries are required to improve and effectively enforce their existing environmental laws. Article 2 of the Environment Chapter under CAFTA-DR outlines the basic requirements for participating countries. To benefit fully from CAFTA-DR, participating countries need to address these requirements and underlying environmental issues. These recipients will work in close coordination with USAID's existing interagency agreement with US EPA and other collaborators.

To a more limited extent, this program will also address CONCAUSA environmental objectives with SICA member countries (e.g., biodiversity, natural resource use, climate change, clean production).

III. Program Description

This program will support CCAD's continuing efforts to achieve regional integration on environmental matters. CCAD will serve as the principal counterpart to USAID for activities supporting environmental integration under CAFTA and CONCAUSA. The Cooperative Work Program (CWP) under the Environmental Cooperation Agreement (ECA) of the CAFTA-DR reflects national and regional cooperation priorities agreed to by the Parties, and formulated through interagency coordination among the Ministries of Trade and Environment of each of the countries in the region. The main objective is to protect, improve, and conserve the environment, including natural resources, and establish an initial framework for cooperation among the parties.

CCAD's predominant capacities in the region are to ensure the effective coordination between the different government institutions (Ministries of Environment, Ministries of Trade, Ministries of Finance, Ministries of Agriculture, Ministries of Health, other key ministries, decentralized government institutions, civil society organizations, municipalities, private sector and the academic sector), and assist them in compliance with the environmental obligations of CAFTA-DR.

IV. Areas of Assistance, Expected Results, and Performance Monitoring Indicators

Based on CAFTA-DR environmental obligations and the Cooperative Work Program, this program will achieve results in the following five major components:

1. Strengthen environmental management systems in CAFTA-DR countries;
2. Strengthen the ability of Central America and the Dominican Republic to comply with CAFTA-DR environmental obligations;
3. Implement and improve compliance with environmental laws and multilateral environmental agreements;
4. Increase use of clean production technologies; and
5. Increase inter-ministerial coordination, capacity building, and communication.

Component 1: Strengthen Environmental Management Systems (EMS) in CAFTA-DR countries

Areas of Assistance:

Environmental management systems within the CAFTA-DR countries are weak. Existing institutions within the countries have limited human and financial resources and often lack the necessary authority to enforce laws. The laboratory equipment necessary to analyze environmental evidence is often antiquated or nonexistent. Existing legal frameworks often lack implementing regulations and procedures, hindering implementation. In addition, current environmental laws throughout the region need to be harmonized to reduce trade barriers brought about by differing standards and regulations.

The parties recognize that incentives and other flexible and voluntary mechanisms can contribute to the achievement and maintenance of environmental protection, complementing the procedures set out in Article 17.3 of CAFTA-DR.

USAID will focus its support in the following areas: 1) developing legislation, regulations, policies and capacity for the implementation and effective enforcement of environmental laws, standards, and environmental impact assessments, 2) revising and harmonizing regulations, administrative procedures, and budgets supporting environmental legislation, 3) training authorities in relevant environmental management principles and tools, including the use of regulatory and administrative incentives and voluntary measures.

Expected results:

- Central America and the Dominican Republic's environmental institutional and legal frameworks strengthened by supporting the implementation of environmental regulatory instruments necessary to achieve law enforcement and encourage public participation;
- Strengthened ability of municipal and national governments to budget more funds for the administration and enforcement of environmental laws and regulations;

- The installed capacity of analytical laboratories in the region to promote generation of reliable and valid data for environmental quality control and law enforcement is strengthened;
- The Inter-parliamentary Central American Commission on Environment and Development (CICAD) is given the support necessary to identify and propose legislation that needs revision and upward harmonization at the regional level; and
- Environmental incentive instruments developed for adoption by each country.

Performance Monitoring

- Number of laws, policies, regulations, administrative procedures drafted, approved and under implementation;
- Increased municipal and national government funds budgeted for the administration and enforcement of environmental laws and regulations;
- Number of laboratories with improved capacity to monitor environmental compliance (through equipment/training); and
- The number of environmental incentive instruments developed and adopted for each country.

Component 2: Strengthen the ability of each Party to comply with CAFTA-DR environmental obligations

Areas of Assistance:

CAFTA-DR and the ECA establish a number of requirements for public participation and communication regarding environmental matters. Parties are required to provide opportunities for public participation and communications both in terms of compliance with the Environment Chapter as well as in the development and implementation of cooperative environmental activities. Parties also must develop systems so that individuals can request a Party's competent authorities to investigate alleged violations of its environmental laws. Each country must establish a national consultative or advisory committee (comprised of members of the public, including representatives of business and environmental organizations) to provide views on matters related to the implementation of the Environment Chapter. Environment information centers are necessary to provide information to the public in order to prepare their submissions.

USAID will support: 1) training and technical assistance to government officials to improve communication and outreach through the development of websites, and other media, 2) education of the public on the environmental provisions of the CAFTA-DR and ECA and their rights there under, and 3) facilitation of public participation in the development and implementation of Chapter 17 of CAFTA and the environmental cooperation activities under the ECA.

Expected results:

- Each CAFTA-DR country will have in place a contact point office using an established inspections protocol and procedures;
- Each CAFTA-DR country will have established environment information centers to provide information to the public; and
- Public information systems for sharing information and disseminating materials (that promote public awareness of environmental issues, provisions, and actions) are developed.

Performance Monitoring

- A contact point office established in each country.
- Procedures and guidelines established in the contact point office to support the public submission mechanism; and
- Information centers established in each CAFTA-DR country for public consultations.

Component 3: Implement and improve compliance with environmental laws and multilateral environmental agreements (MEA's)

Areas of Assistance:

The CAFTA-DR countries effectiveness at complying with Multilateral Environmental Agreements is low due to limited resources and high staff turnover in ministries. This limits the Ministries' capacity to enforce the agreements. USAID will focus primarily on two agreements: the Montreal Protocol and CITES. The Montreal Protocol on Substances that Deplete the Ozone Layer stipulates that ozone depleting compounds are to be phased out by 2000 (2005 for methyl chloroform). CITES (the Convention on International Trade in Endangered Species of Wild Fauna and Flora) regulates the international trade in specimens of wild animals and plants to ensure that trade does not threaten their survival. Other themes, including global climate change and biodiversity, may receive limited attention.

USAID will focus on improving compliance and implementation of hazardous chemical regulations. The establishment of common borders under CAFTA-DR is increasing health and environmental risk due to the lack of regulation of the transport of chemicals and agrochemicals. Regional norms for the importation and use of chemical inputs by sector are needed for the industrial use of chemicals. These norms would need to be closely linked to regulations and procedures that will regulate pollution emission levels permissible by sector.

This program will generate and build awareness among key government officials, including Scientific and Administrative Authorities (for CITES), on their role in enforcing environmental laws, including international agreements and domestic implementing legislation. Customs work will be implemented in coordination with SIECA and the contractor charged with providing training to customs officers.

USAID will provide funds to 1) support the development and application of harmonized environmental laws, standards and policies that directly support the region's implementation of international treaties and agreements, and 2) encourage linkages at the national level among key enforcement stakeholders (customs officers, customs training institutes, national focal points for Multilateral Environment Agreements, judges, and prosecutors).

Expected results:

- Regional norms developed for the importation and use of chemical inputs by sector help regulate pollution emission levels and reduce regional health and environmental risks;
- Government staff have increased awareness of their roles and responsibilities regarding implementation of multilateral environmental treaties of which they are signatories;
- A selected set of customs officers have developed the skills necessary to provide training in each country on the specific environmental issues covered by two key multilateral environmental agreements (CITES, Montreal Protocol) and the implications these have for

regulating the movement of materials across borders (toxic chemicals, endangered species and biodiversity, ozone-depleting substances);

- Mechanisms for the effective enforcement of at least two key multilateral environmental agreements (CITES, Montreal Protocol) established and working;
- Harmonized procedures and regulations for implementing CITES in each country developed by Scientific and Administrative Authorities; and
- Regional lists of endangered flora and fauna included in CITES Appendixes are updated by the responsible scientific authorities.

Performance Monitoring

- The number of regulations regarding hazardous chemicals drafted, approved and under implementation;
- An increase in awareness by scientific authorities and customs officials of their roles and responsibilities with respect to implementation of CITES as measured by pre/post KAP surveys (knowledge, attitude, performance);
- The number of customs officers trained in the implementation of multilateral environmental agreements;
- Effective enforcement mechanisms developed for the implementation of CITES and the Montreal Protocol;
- The number of procedures/regulations for the implementation of CITES and the Montreal Protocol developed and implemented; and
- An updated list of endangered floral and fauna included in CITES Appendixes for the region.

Component 4: Increase use of clean production technologies.

Areas of Assistance:

Water contamination in the region is limiting economic growth, impacting human health, and degrading the environmental resource base. Obsolete technologies, in addition to increasing water contamination, use significantly greater energy resources, resulting in higher production costs, as well as increased greenhouse gas emissions. Continued contamination from municipal and private sector inputs will seriously limit the region's capacity to benefit from free trade. Priority sectors for intervention that have been identified by the Central Americans include tanneries, agribusiness, textiles, metals and tourism.

The regional clean production Development Credit Authority (DCA) has been fully funded and is currently in execution, with a scheduled end date in 2010. Clean production improvements financed by the DCA will improve production efficiency, reduce energy consumption, conserve water, promote water reuse and maintain natural resources.

USAID E-CAM expects to promote public-private partnerships and voluntary mechanisms to facilitate the transfer and adoption of clean production technologies, as well as increase utilization of the USAID E-CAM clean production DCA. As part of the original DCA design process, a technical assistance component was envisioned and needs to be put in place in order to promote utilization of the DCA.

Expected Results:

- Increased number of companies in the region using clean production practices and exchanging their experiences in order to promote the proper use, operation and maintenance of clean production technologies;
- Voluntary clean production agreements facilitate the transfer and adoption of clean production technologies in the CAFTA-DR countries; and
- Incentives or voluntary flexible mechanisms are developed to encourage private-public partnerships for environmental protection.

Performance Monitoring:

- The total value of loans issued through the regional clean production DCA mechanism;
- The number of companies implementing clean production improvements;
- The economic savings generated through the implementation of clean production technologies;
- The number of voluntary clean production agreements established and adopted by countries; and
- The number of environmental incentive instruments being utilized.

Component 5. Increase inter-ministerial Coordination, capacity building, and communication.*Areas of Assistance:*

Current inter-ministerial and inter-institutional coordination on the trade/environment/finance interface is weak. Coordination needs to be increased significantly to properly address CAFTA-DR requirements and CONCAUSA obligations. It is essential that CCAD coordinate its CAFTA-DR ECA work plan activities closely with SIECA.

The technical skills of government staff are uneven with respect to environmental impact assessment and auditing, environmental management systems, waste management, monitoring environmental performance, and managing integrated watersheds. They also need assistance with identifying and implementing financial systems that allow environmental authorities to generate funding to cover stewardship of environmental services. Training materials are not easily accessible.

Environmental data are not readily available to the public or government staff. Much of the information is not published. Ease of access to available data needs to be increased throughout the region.

USAID will support the following essential functions performed by CCAD throughout the region: 1) inter-institutional and inter-sectoral coordination and strengthening; 2) technical assistance and capacity building; and 3) providing regional environmental information.

Expected Results

- A regional forum established for discussing trade/environment issues; a coordinated agenda on Trade and Environment themes maintained and implemented in close cooperation with the Ministries of Trade or equivalent;
- Increased inter-ministerial and inter-institutional coordination regarding the harmonization of regulations and policies.
- Key individuals trained and certified to meet the requirements of different environmental roles or fields (e.g., environmental impact assessment, environmental auditing,

environmental inspections, environmental management systems, clean production, solid waste management, wastewater management, watershed integrated management);

- Mechanisms to reinvest environmental revenues and tariffs in the management of environmental assets are developed.
- Environmental training materials made available to public officials, the general public, and private consultants; and
- Environmental performance indicators developed;
Improved environmental monitoring and increased public access to data through the Regional Environmental Information System (SIAM).

Performance Monitoring Indicators

- Regional trade/environment steering committee established and meetings held regularly. A coordinated agenda between trade and environment developed.
- An increase in awareness by government staff of their roles and responsibilities with respect to implementation of multilateral environmental treaties as measured by pre/post KAP surveys (knowledge, attitude, performance).
- Value (USD) of locally financed conservation efforts or payments for environmental services leveraged.
- The number of environmental training materials made available.
- The number of environmental performance indicators developed and adopted by the countries.
- Increased environmental data available through SIAM and placed on the SERVIR website.

V. Performance Monitoring

The Recipient will be required to report annually on the Performance Monitoring indicators provided under the Expected Results section using an approved methodology to collect and record data. Use of additional programmatic indicators is optional, but encouraged. The Recipient must clearly identify how the proposed program will contribute to results indicators. Indicators must provide sufficient information to respond to the reporting requirements for biodiversity, tropical forests, energy, CAFTA and global climate change. If funding from an additional earmark or directive is used to fund activities, reporting parameters will be adjusted in order to incorporate this need.

STANDARD PROVISIONS FOR NON-U.S., NONGOVERNMENTAL RECIPIENTS

C.1 ALLOWABLE COSTS (OCTOBER 1998)

(a) The recipient shall be reimbursed for costs incurred in carrying out the purposes of this award which are determined by the Agreement Officer to be reasonable, allocable, and allowable in accordance with the terms of this award and the applicable* cost principles in effect on the date of this award. The recipient may obtain a copy from the Agreement Officer. Brief definitions of what may be considered as reasonable, allocable, and allowable costs are provided below, however, it is the recipient's responsibility to ensure that costs incurred are in accordance with the applicable set of Cost Principles.

(1) Reasonable. Shall mean those costs which are generally recognized as ordinary and necessary and would be incurred by a prudent person in the conduct of normal business.

(2) Allocable Costs. Shall mean those costs which are incurred specifically for the award.

(3) Allowable Costs. Shall mean those costs which conform to any limitations in the award.

(b) Prior to incurring a questionable or unique cost, the recipient shall obtain the Agreement Officer's written determination on whether the cost will be allowable.

(c) It is USAID policy that no funds shall be paid as profit or fee to a recipient under this agreement or any subrecipient. This restriction does not apply to contractual relationships under this agreement.

*NOTE: For educational institutions use OMB Circular A-21; for all other non-profit organizations use OMB Circular A-122; and for profit making firms use Federal Acquisition Regulation 31.2 and USAID Acquisition Regulation 731.2.

C.2 ACCOUNTING, AUDIT, AND RECORDS (OCTOBER 1998)

(a) The recipient shall maintain financial records, supporting documents, statistical records and all other records pertinent to the award in accordance with generally accepted accounting principles formally prescribed by the U.S., the cooperating country, or the International Accounting Standards Committee (an affiliate of the International Federation of Accountants) to sufficiently substantiate charges to this award. Accounting records that are supported by documentation will as a minimum be adequate to show all costs incurred under the award, receipt, and use of goods and services acquired under the award, the costs of the program supplied from other sources, and the overall progress of the program. Unless otherwise notified, the recipient records and subrecipient records which pertain to this award shall be retained for a period of three years from the date of submission of the final expenditure report and may be audited by USAID and/or its representatives.

(b) Foreign for-profit and non-profit organizations that expend \$300,000 or more per their fiscal year in "USAID awards", i.e. as recipients or subrecipients of USAID grants or cooperative agreements, or as cost reimbursable subcontractors of USAID grants or cooperative agreements, shall have an annual audit conducted in accordance with the "Guidelines for Financial Audits Contracted by Foreign Recipients" issued by the USAID Inspector General.

(c) Foreign for-profit and non-profit organizations expending less than \$300,000 per their fiscal year under USAID cost-reimbursable contracts, grants, cooperative agreements, or agreements with host governments shall be exempt from the above financial audit requirements, but are subject to the requirement to make records available upon request for review by USAID officials or their designees.

(d) USAID shall retain the right to conduct a financial review, require an audit, or otherwise ensure adequate accountability of organizations expending USAID funds regardless of the audit requirement.

(e) Foreign organizations that provide USAID resources to other organizations to carry out the USAID program and activities shall be responsible for monitoring their subcontractors or subgrantees. Allowable costs for limited scope subrecipient audits charged to USAID funds shall be limited to one or more of the following types of compliance requirements: activities allowed or unallowed; allowable costs/cost principles; eligibility; matching, level of effort; earmarking; and reporting.

(f) The audit report shall be submitted to USAID within 30 days after completion of the audit; the audit shall be completed, and the report submitted, not later than 9 months after the close of the recipient's fiscal year. The USAID Inspector General will review this report to determine whether it complies with the audit requirements of this award. No audit costs may be charged to this award if audits have not been made in accordance with the terms of this provision. In cases of continued inability or unwillingness to have an audit performed in accordance with the terms of this provision, USAID will consider appropriate sanctions which may include suspension of all or a percentage of disbursements until the audit is satisfactorily completed.

(g) This provision in its entirety shall be incorporated into all subawards with non-U.S. organizations which meet the \$300,000 threshold as described at paragraph (b) of this Provision. Subawards to non-U.S. organizations which are for more than \$10,000 but do not meet the \$300,000 threshold shall at a minimum incorporate paragraph (d) of this Provision. Subawards of grants and cooperative agreements made to U.S. organizations shall state that the U.S. organization is subject to the audit requirements contained in OMB Circular A-1 33.

C.3 PAYMENT ADVANCES AND REFUNDS (OCTOBER 1998) SEE C.14 ALSO

(a) Recipients shall maintain advances of USAID funds in interest bearing accounts, unless:

(1) the recipient receives less than \$120,000 in U.S. Government awards per year;

(2) the best reasonably available interest bearing account would not be expected to earn interest in excess of \$250 per year on U.S. Government cash balances; or

(3) the depository would require an average or minimum balance so high that it would not be practical to maintain the advance in an interest bearing account.

(b) Interest earned on advances will be remitted to USAID. However, the recipient may retain up to \$250 of interest earnings per account per year, for administrative expenses.

(c) At the time the award expires or is terminated, the following types of funds shall immediately revert to USAID:

(1) USAID has obligated funds to the award, but has not disbursed them to the recipient; or

(2) USAID has advanced funds to the recipient, but the recipient has not expended them.

Notwithstanding (c) (1) and (2) above, funds which the recipient has obligated in legally binding transactions applicable to this award will not revert to USAID.

(d) USAID reserves the right to require refund by the recipient of any amount which the recipient did not spend in accordance with the terms and conditions of this award. In the event that a final audit has not been performed prior to the closeout of this award, USAID retains the right to a refund until all claims which may result from the final audit have been resolved between USAID and the recipient.

C.4 REVISION OF AWARD BUDGET (OCTOBER 1998)

(a) The approved award budget is the financial expression of the recipient's program as approved during the award process.

(b) The recipient is required to report deviations from budget and program plans, and request prior approvals from the Agreement Officer for any of the following reasons:

(1) To change the scope or the objectives of the project and/or revise the funding allocated among project objectives.

(2) To change a key person where specified in the award, or allow a 25% reduction in time devoted to the project.

(3) Additional funding is needed.

(4) Where indirect costs have been authorized, the recipient plans to transfer funds budgeted for indirect costs to absorb increases in direct costs or vice versa.

(5) The inclusion of costs that require prior approval in accordance with the applicable set of Cost Principles.

(6) The transfer of funds allotted for training allowances (direct payment to trainees) to other categories of expense.

(7) The recipient intends to contract or subaward any of the work under this award, and such contracts or subawards were not included in the approved award budget.

(c) If specified in the Schedule of the award, the recipient may be further restricted from transferring funds among cost categories. Such a restriction would require the recipient to get the prior approval of the Agreement Officer before making budget shifts which expect to exceed 10% of the total budget.

(d) USAID is under no obligation to reimburse the recipient for costs incurred in excess of the total amount obligated under the award. If the total obligated amount under the award has been increased, the Agreement Officer will notify the recipient in writing of the increase and specify the new total obligated award amount.

C.5 TERMINATION AND SUSPENSION (OCTOBER 1998)

(a) The Agreement Officer may terminate this award at any time, in whole or in part, upon written notice to the recipient, whenever it is determined that the recipient has materially failed to comply with the terms and conditions of the award.

(b) This award may be terminated at any time, in whole or in part, by the Agreement Officer with the consent of the recipient. Both parties shall agree upon termination conditions, including the effective date and, in the case of partial terminations, the portion of the award to be terminated. The agreement to terminate shall be set forth in a letter from the Agreement Officer to the recipient.

(c) This award may be terminated at any time in whole or in part by the recipient upon sending written notification to the Agreement Officer with the following information: the reasons for the termination, the effective date, and, in the case of a partial termination, the portion to be terminated. However, if USAID determines in the case of partial termination that the reduced or modified portion of the award will not accomplish the purposes for which the award was made, USAID may terminate the award in its entirety in accordance with paragraphs (a) or (b) above.

(d) If at any time USAID determines that continuation of all or part of the funding for a program should be suspended or terminated because such assistance would not be in the national interest of the United States or would be in violation of an applicable law, then USAID may, following notice to the recipient, suspend or terminate this award in whole or part and prohibit the recipient from incurring additional obligations chargeable to this award other than those costs specified in the notice of suspension during the period of suspension. If the situation causing the suspension continues for 60 days or more, then USAID may terminate this award on written notice to the recipient and cancel that portion of this award which has not been disbursed or irrevocably committed to third parties.

(e) Termination and Suspension Procedures. Upon receipt of and in accordance with a termination notice as specified above, the recipient shall take immediate action to minimize all expenditures and obligations financed by this award and shall cancel such unliquidated obligations whenever possible. Except as provided below, the recipient shall not incur costs after the effective date of termination.

The recipient shall within 30 calendar days after the effective date of such termination repay to the U.S. Government all unexpended USAID funds which are not otherwise obligated by a legally binding transaction applicable to this award. Should the funds paid by USAID to the recipient prior to the effective date of the termination of this award be insufficient to cover the recipient's obligations in the legally binding transaction, the recipient may submit to the Government within 90 calendar days after the effective date of such termination a written claim covering such obligations. The Agreement Officer shall determine the amount(s) to be paid by USAID to the recipient under such claim in accordance with the applicable Cost Principles.

C.6 DISPUTES (OCTOBER 1998)

(a) Any dispute under this award shall be decided by the USAID Agreement Officer. The Agreement Officer shall furnish the recipient a written copy of the decision.

(b) Decisions of the USAID Agreement Officer shall be final unless, within 30 days of receipt of the decision of the Agreement Officer, the recipient appeals the decision to USAID's Assistance Executive. Any appeal made under this provision shall be in writing and addressed to the Assistance Executive, U.S. Agency for International Development, Office of Procurement, 1300 Pennsylvania Ave, N.W., Washington, D.C. 20523. A copy of the appeal shall be concurrently furnished to the Agreement Officer.

(c) In order to facilitate review on the record by the Assistance Executive, the recipient shall be given an opportunity to submit written evidence in support of its appeal. No hearing will be provided.

(d) A decision under this provision by the Assistance Executive shall be final.

C.7 INELIGIBLE COUNTRIES (MAY 1986)

Unless otherwise approved by the USAID Agreement Officer, funds will only be expended for assistance to countries eligible for assistance under the Foreign Assistance Act of 1961, as amended, or under acts appropriating funds for foreign assistance.

C.8 DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS (JANUARY 2004)

a. The recipient agrees to notify the Agreement Officer immediately upon learning that it or any of its principals:

- (1) Are presently excluded or disqualified from covered transactions by any Federal department or agency;
- (2) Have been convicted within the preceding three-years period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or

destruction of records, making false statements, tax evasion, receiving stolen property, making false claims, or obstruction of justice; commission of any other offense indicating a lack of business integrity or business honesty that seriously and directly affects your present responsibility;

(3) Are presently indicted for or otherwise criminally or civilly charged by a Governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1)(b); and

(4) Have had one or more public transactions (Federal, State, or local) terminated for cause or default within the preceding three years.

b. The recipient agrees that, unless authorized by the Agreement Officer, it will not knowingly enter into any subagreements or contracts under this grant with a person or entity that is included on the Excluded Parties List System (<http://epls.arnet.gov>). The recipient further agrees to include the following provision in any subagreements or contracts entered into under this award:

DEBARMENT, SUSPENSION, INELIGIBILITY, AND VOLUNTARY EXCLUSION (DECEMBER 2003)

The recipient/contractor certifies that neither it nor its principals is presently excluded or disqualified from participation in this transaction by any Federal department or agency.

c. The policies and procedures applicable to debarment, suspension, and ineligibility under USAID-financed transactions are set forth in 22 CFR Part 208.

C.9 INVESTMENT PROMOTION (JANUARY 1994)

No funds or other support provided hereunder may be used in a project or activity reasonably likely to involve the relocation or expansion outside of the United States of an enterprise located in the United States if non-U.S. production in such relocation or expansion replaces some or all of the production of, and reduces the number of employees at, said enterprise in the United States.

No funds or other support provided hereunder may be used in a project or activity the purpose of which is the establishment or development in a foreign country of any export processing zone or designated area where the labor, environmental, tax, tariff, and safety laws of the country would not apply, without the prior written approval of USAID.

No funds or other support provided hereunder may be used in a project or activity which contributes to the violation of internationally recognized rights of workers in the recipient country, including those in any designated zone or area in that country.

C.10 NONLIABILITY (NOVEMBER 1985)

USAID does not assume liability for any third party claims for damages arising out of this award.

C.11 AMENDMENT (OCTOBER 1998)

The award may be amended by formal modifications to the basic award document or by means of an exchange of letters or forms between the Agreement Officer and an appropriate official of the recipient.

C.12 NOTICES (OCTOBER 1998)

Any notice given by USAID or the recipient shall be sufficient only if in writing and delivered in person or mailed as follows:

To the USAID Agreement Officer and Cognizant Technical Officer, at the addresses specified in the award. To recipient, at recipient's address shown in the award or to such other address designated within the award.

Notices shall be effective when delivered in accordance with this provision, or on effective date of the notice, whichever is later.

C.13 METRIC SYSTEM OF MEASUREMENT (AUGUST 1992)

Wherever measurements are required or authorized, they shall be made, computed, and recorded in metric system units of measurement, unless otherwise authorized by the Agreement Officer in writing when it has found that such usage is impractical or is likely to cause U.S. firms to experience significant inefficiencies or the loss of markets. Where the metric system is not the predominant standard for a particular application, measurements may be expressed in both the metric and the traditional equivalent units, provided the metric units are listed first.

C.14 PAYMENT - ADVANCE (OCTOBER 1998)

(a) In accordance with the Standard Provision entitled "Payment Advances and Refund": USAID funds shall not be commingled with other recipient owned or controlled funds; the recipient shall deposit all USAID cash advances in a separate bank account and shall make all disbursements for goods and services from this account.

(b) Advances shall be limited to the minimum amounts needed to meet current disbursement needs (generally 30 days) and shall be scheduled so that the funds are available to the grantee as close as is administratively feasible to the actual disbursements by the grantee for program costs. Advances made by the recipient to subrecipients or the recipient's field organizations shall conform substantially to the same standards of timing and amount as apply to cash advances by USAID to the recipient.

Procedures

(c) After receipt of the initial advance, the recipient shall submit a Standard Form 1034 for each upcoming month (30 day period), with the statement "Request for Advance" printed at the top of the form. The recipient may submit a set of these forms on a quarterly basis (i.e.

submission of three SF 1034s one for each month in the upcoming quarter). At the end of each quarter the recipient shall submit a SF 1034 (marked "Liquidation of Advances") to liquidate the advances of the previous quarter. The recipient may submit a new set of SF 1034s ("Request for Advance") once the "Liquidation of Advances" has been submitted. Each SF 1034 shall be identified by the appropriate award number.

C.15 INTERNATIONAL AIR TRAVEL AND TRANSPORTATION (JUNE 1999)

(a) PRIOR BUDGET APPROVAL

In accordance with OMB Cost Principles, direct charges for foreign travel costs are allowable only when each foreign trip has received prior budget approval. Such approval will be deemed to have been met when:

- (1) the trip is identified. Identification is accomplished by providing the following information: the number of trips, the number of individuals per trip, and the destination country(s).
- (2) the information noted at (a)(1) above is incorporated in: the proposal, the program description or schedule of the award, the annual implementation plan (initial or revisions), or amendments to the award; and
- (3) the costs related to the travel are incorporated in the approved budget of the award.

The Agreement Officer may approve travel which has not been incorporated in writing as required by paragraph (a)(2). In such case, a copy of the Agreement Officer's approval must be included in the agreement file.

(b) NOTIFICATION

(1) As long as prior budget approval has been met in accordance with paragraph (a) above, a separate Notification will not be necessary unless:

- (i) the primary purpose of the trip is to work with USAID Mission personnel, or
- (ii) the recipient expects significant administrative or substantive programmatic support from the Mission.

Neither the USAID Mission nor the Embassy will require Country Clearance of employees or contractors of USAID Recipients.

(2) Where notification is required in accordance with paragraph (1)(i) or (ii) above, the recipient will observe the following standards:

- (i) Send a written notice to the USAID Cognizant Technical Officer in the Mission. If the recipient's primary point of contact is a Technical Officer in USAID/W, the recipient may send the notice to that person. It will be the responsibility of the USAID/W Cognizant Technical Officer to forward the notice to the field.

(ii) The notice should be sent as far in advance as possible, but at least 14 calendar days in advance of the proposed travel. This notice may be sent by fax or e-mail. The recipient should retain proof that notification was made.

(iii) The notification shall contain the following information: the award number, the cognizant Technical Officer, the traveler's name (if known), date of arrival, and the purpose of the trip.

(iv) The USAID Mission will respond only if travel has been denied. It will be the responsibility of the Cognizant Technical Officer in the Mission to contact the recipient within 5 working days of having received the notice if the travel is denied. If the recipient has not received a response within the time frame, the recipient will be considered to have met these standards for notification, and may travel.

(v) If a subrecipient is required to issue a Notification, as per this section, the subrecipient may contact the USAID Cognizant Technical Officer directly, or the prime may contact USAID on the subrecipient's behalf.

(c) SECURITY ISSUES

Recipients are encouraged to obtain the latest Department of State Travel Advisory Notices before traveling. These Notices are available to the general public and may be obtained directly from the State Department, or via Internet.

Where security is a concern in a specific region, recipients may choose to notify the US Embassy of their presence when they have entered the country. This may be especially important for long-term posting.

(d) USE OF U.S.-OWNED LOCAL CURRENCY

Travel to certain countries shall, at USAID's option, be funded from U.S.-owned local currency. When USAID intends to exercise this option, USAID will either issue a U.S. Government S.F. 1169, Transportation Request (GTR) which the grantee may exchange for tickets, or issue the tickets directly. Use of such U.S.-owned currencies will constitute a dollar charge to this grant.

(e) THE FLY AMERICA ACT

The Fly America Act (49 U.S.C. 40118) requires that all air travel and shipments under this award must be made on U.S. flag air carriers to the extent service by such carriers is available. The Administrator of General Services Administration (GSA) is authorized to issue regulations for purposes of implementation. Those regulations may be found at 41 CFR part 301, and are hereby incorporated by reference into this award.

(f) COST PRINCIPLES

The recipient will be reimbursed for travel and the reasonable cost of subsistence, post differentials, and other allowances paid to employees in international travel status in accordance

with the recipient's applicable cost principles and established policies and practices which are uniformly applied to federally financed and other activities of the recipient.

If the recipient does not have written established policies regarding travel costs, the standard for determining the reasonableness of reimbursement for overseas allowance will be 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 Agreement Officer.

(g) SUBAWARDS

This provision will be included in all subawards and contracts which require international air travel and transportation under this award.

C.16 PROCUREMENT OF GOODS AND SERVICES (OCTOBER 1998)

The recipient may use its own procurement policies and practices for the procurement of goods and services under this award, provided they conform to all of USAID's requirements listed below and the standard provision entitled "USAID Eligibility Rules For Goods and Services".

(a) General Requirements:

(1) The recipient shall maintain a written code or standards of conduct that shall govern the performance of its employees engaged in the awarding and administration of contracts. No employee, officer, or agent shall participate in the selection, award, or administration of a contract supported by Federal funds if a real or apparent conflict of interest would be involved. Such conflict would arise when the employee, officer or agent, or any member of the employee's immediate family, the employee's partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. The officers, employees, and agents of the recipient shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subagreements. However, recipients may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the recipient.

(2) All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. The recipient shall be alert to organizational conflicts of interest as well as noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, invitations for bids, and/or requests for proposals shall be excluded from competing for such procurements. Contracts shall be made to the offeror whose offer is responsive to the solicitation and is most advantageous to the recipient, price, quality, and other factors considered. Solicitations shall clearly establish all requirements that the bidder or offeror shall fulfill in order to be evaluated by the recipient. Any and all offers may be rejected when it is in the recipient's interest to do so.

(3) All recipients shall establish written procurement procedures. These procedures shall provide, at a minimum, that:

(i) Recipients avoid purchasing unnecessary items,

(ii) Where appropriate, an analysis is made of lease and purchase alternatives to determine which would be the most economical and practical procurement, and

(iii) Solicitations for goods and services provide for all of the following:

(A) A clear and accurate description of the technical requirements for the material, product or service to be procured. In competitive procurements, such a description shall not contain features which unduly restrict competition.

(B) Requirements which the bidder/offeror must fulfill and all other factors to be used in evaluating bids or proposals.

(C) A description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards.

(D) The specific features of "brand name or equal" descriptions that bidders are required to meet when such items are included in the solicitation.

(E) The acceptance, to the extent practicable and economically feasible, of products and services dimensioned in the metric system of measurement.

(F) Preference, to the extent practicable and economically feasible, for products and services that conserve natural resources and protect the environment and are energy efficient.

(iv) Positive efforts shall be made by the recipients to utilize U.S. small business, minority owned firms, and women's business enterprises, whenever possible. Recipients of USAID awards shall take all of the following steps to further this goal:

(A) Make information on forthcoming opportunities available and arrange time frames for purchases and contracts to encourage and facilitate participation by small businesses, minority-owned firms, and women's business enterprises. To permit USAID, in accordance with the small business provisions of the Foreign Assistance Act of 1961, as amended, to give United States small business firms an opportunity to participate in supplying commodities and services procured under the award, the recipient shall to the maximum extent possible provide the following information to the Office of Small and Disadvantaged Business Utilization (OSDBU/MRC), USAID, Washington, D.C. 20523, at least 45 days prior to placing any order or contract in excess of \$100,000:

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

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

(c) Address where solicitations or specifications can be obtained.

(B) Consider in the contract process whether firms competing for larger contracts intend to subcontract with small businesses, minority-owned firms, and women's business enterprises.

(C) Encourage contracting with consortiums of small businesses, minority-owned firms, and women's business enterprises when a contract is too large for one of these firms to handle individually.

(D) Use the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Department of Commerce's Minority Business Development Agency in the solicitation and utilization of small businesses, minority-owned firms, and women's business enterprises.

(v) The type of procurement instruments used, (e.g. fixed price contracts, cost reimbursable contracts, purchase orders, incentive contracts), shall be determined by the recipient but shall be appropriate for the particular procurement and for promoting the best interest of the program or project involved. The "cost-plus-a-percentage-of-cost" or "percentage of construction cost" methods of contracting shall not be used.

(vi) Contracts shall be made only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of the proposed procurement. Consideration shall be given to such matters as contractor integrity, record of past performance, financial and technical resources, or accessibility to other necessary resources. Contracts shall not be made with firms or individuals whose name appears on the "Lists of Parties Excluded from Federal Procurement and Nonprocurement Programs." USAID will provide the grantee with copy of this list upon request.

(vii) Recipients shall, on request, make available for USAID, pre-award review and procurement documents, such as request for proposals or invitations for bids, independent cost estimates, etc., when any of the following conditions apply:

(A) A recipient's procurement procedures or operation fails to comply with the procurement standards in this part, and

(B) The procurement is expected to exceed \$10,000.

(viii) The recipient shall document some form of price or cost analysis in its procurement files in connection with every procurement action. Price analysis may be accomplished in various ways, including the comparison of price quotations submitted, and market prices, together with discounts. Cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability, and allowability.

(ix) Procurement records and files for purchases in excess of the recipient's own small purchase threshold shall include the following at a minimum:

(A) Basis for contractor selection;

(B) Justification for lack of competition when competitive bids or offers are not obtained, and;

(C) Basis for award cost or price.

(x) A system for contract administration shall be maintained to ensure contractor conformance with terms, conditions, and specifications of the contract and to ensure adequate and timely follow up of all purchases. Recipients shall evaluate contractor performance and document, as appropriate, whether contractors have met the terms, conditions, and specifications of the contract.

(b) The recipient shall include, in addition to provisions to define a sound and complete contract, the following provisions in all contracts. The following provisions shall also be applied to subcontracts.

(1) Contracts in excess of \$10,000 shall contain contractual provisions or conditions that allow for administrative, contractual, or legal remedies in instances in which a contractor violates or breaches the contract terms, and provide for such remedial actions as may be appropriate.

(2) All contracts in excess of \$10,000 shall contain suitable provisions for termination by the recipient, including the manner by which termination will be effected and the basis for settlement. In addition, such contracts shall describe conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated because of circumstances beyond the control of the contractor.

(3) All negotiated contracts (except those for less than the recipient's small purchase threshold) awarded by the recipient shall include a provision to the effect that the recipient, USAID, the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the contractor which are directly pertinent to the specific program for the purpose of making audits, examinations, excerpts and transcriptions.

(4) In all contracts for construction or facility improvement awarded for more than \$100,000, the recipient shall observe generally accepted bonding requirements.

(5) Contracts, the principal purpose of which is to create, develop, or improve products, processes, or methods; or for exploration into fields that directly concern public health, safety, or welfare; or contracts in the fields of science or technology in which there has been little significant experience outside of work funded by the U.S. Government, shall contain a notice to the effect that matters regarding rights to inventions, intellectual property, and materials generated under the contract are subject to the regulations included in these grant provisions. The contractor shall be advised as to the source of additional information regarding these matters.

C.17 USAID ELIGIBILITY RULES FOR GOODS AND SERVICES (SEPTEMBER 1998)

(a) Ineligible and Restricted Goods and Services: USAID's policies on ineligible and restricted goods and services are contained in ADS Chapter 312. (See ADS 312)

(1) Ineligible Goods and Services. Under no circumstances shall the recipient procure any of the following under this award:

- (i) Military equipment,
- (ii) Surveillance equipment,
- (iii) Commodities and services for support of police or other law enforcement activities,
- (iv) Abortion equipment and services,
- (v) Luxury goods and gambling equipment, or
- (vi) Weather modification equipment.

(2) Ineligible Suppliers. Funds provided under this award shall not be used to procure any goods or services furnished by any firm or individual whose name appears on the "Lists of Parties Excluded from Federal Procurement and Nonprocurement Programs." USAID will provide the recipient with this list upon request.

(3) Restricted Goods. The recipient shall not procure any of the following goods and services without the prior approval of the Agreement Officer:

- (i) Agricultural commodities,
- (ii) Motor vehicles,
- (iii) Pharmaceuticals,
- (iv) Pesticides,
- (v) Used equipment,
- (vi) U.S. Government-owned excess property, or
- (vii) Fertilizer.

Prior approval will be deemed to have been met when:

- (i) The item is of U.S. source/origin;
 - (ii) The item has been identified and incorporated in the program description or schedule of the award (initial or revisions), or amendments to the award; and
 - (iii) The costs related to the item are incorporated in the approved budget of the award.
- Where the item has not been incorporated into the award as described above, a separate written authorization from the Agreement Officer must be provided before the item is procured.

(b) Source, Origin, and Nationality: The eligibility rules for goods and services based on source, origin, and nationality are divided into two categories. One applies when the total procurement element during the life of the award is over \$250,000 and the other applies when the total procurement element during the life of the award is not over \$250,000, or the award is funded under the Development Fund for Africa (DFA) regardless of the amount. The total procurement element includes procurement of all goods (e.g. equipment, materials, supplies) and services. Guidance on the eligibility of specific goods or services may be obtained from the Agreement Officer. USAID policies and definitions on source, origin and nationality are contained in 22 CFR 228, Rules on Source, Origin and Nationality for Commodities and Services Financed by the Agency for International Development, which is incorporated into this Award in its entirety. A copy will be provided upon request.

(1) For DFA funded awards or when the total procurement element during the life of the award is valued at \$250,000 or less, the following rules apply:

(i) The authorized source for procurement of all goods and services to be reimbursed under the award is USAID Geographic Code 935, "Special Free World," and such goods and services must meet the source, origin and nationality requirements set forth in 22 CFR 228 in accordance with the following order of preference:

- (A) The United States (USAID Geographic Code 000),
- (B) The Cooperating Country,
- (C) USAID Geographic Code 941, and
- (D) USAID Geographic Code 935.

(ii) Application of Order of Preference: When the recipient procures goods and services from other than U.S. sources, under the order of preference in paragraph (b)(1)(i) above, the recipient 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 recipient's documentation:

- (A) The procurement was of an emergency nature, which would not allow for the delay attendant to soliciting U.S. sources,
- (B) The price differential for procurement from U.S. sources exceeded by 50% or more the delivered price from the non-U.S. source,
- (C) Compelling local political considerations precluded consideration of U.S. sources,
- (D) The goods or services were not available from U.S. sources, or
- (E) Procurement of locally available goods and services, as opposed to procurement of U.S. goods and services, would best promote the objectives of the Foreign Assistance program under the award.

(2) When the total procurement element exceeds \$250,000, (unless funded by DFA), the following applies: Except as may be specifically approved or directed in advance by the Agreement Officer, all goods and services financed with U.S. dollars, which will be reimbursed under this award must meet the source, (including origin) and nationality requirements set forth in 22 CFR 228 for the authorized geographic code specified in the schedule of this award. If none is specified, the authorized source is Code 000, the United States.

(c) Printed or Audio-Visual Teaching Materials: If the effective use of printed or audio-visual teaching materials depends upon their being in the local language and if such materials are intended for technical assistance projects or activities financed by USAID in whole or in part and if other funds including U.S.-owned or U.S.-controlled local currencies are not readily available to finance the procurement of such materials, local language versions may be procured from the following sources in order of preference:

- (1) The United States (USAID Geographic Code 000),
- (2) The Cooperating Country,
- (3) "Selected Free World" countries (USAID Geographic Code 941),
- (4) "Special Free World" countries (USAID Geographic Code 899).

(d) If USAID determines that the recipient has procured any of these specific restricted goods under this award without the prior written authorization of the Agreement Officer, and has received payment for such purposes, the Agreement Officer may require the recipient to refund the entire amount of the purchase.

(e) This provision will be included in all subagreements which include procurement of goods or services which total over \$5,000.

C.18 LOCAL PROCUREMENT (OCTOBER 1998)

(a) Financing local procurement involves the use of appropriated funds to finance the procurement of goods and services supplied by local businesses, dealers, or producers, with payment normally being in the currency of the cooperating country. Regardless of which source, origin, and nationality rules in paragraph (b) of the Provision entitled "USAID Eligibility Rules for Goods and Services" apply, these rules may be followed for local procurement. Rules-on Ineligible and Restricted goods continue to apply.

(b) Locally financed procurements must be covered by source and nationality waivers as set forth in 22 CFR 228, Subpart F, except as provided for in the Standard Provision "USAID Eligibility Rules for Goods and Services," or when one of the following exceptions applies:

(1) Locally available commodities of U.S. origin, which are otherwise eligible for financing, if the value of the transaction is estimated not to exceed \$100,000 exclusive of transportation costs.

(2) Commodities of geographic code 935 origin if the value of the transaction does not exceed the local currency equivalent of \$5,000.

(3) Professional services contracts estimated not to exceed \$250,000.

(4) Construction services contracts estimated not to exceed \$5,000,000.

(5) Commodities and services available only in the local economy (no specific per transaction value applies to this category). This category includes the following items:

(i) Utilities including fuel for heating and cooking, waste disposal and trash collection;

(ii) Communications - telephone, telex, fax, postal and courier services;

(iii) Rental costs for housing and office space;

(iv) Petroleum, oils and lubricants for operating vehicles and equipment;

(v) Newspapers, periodicals and books published in the cooperating country;

(vi) Other commodities and services and related expenses that, by their nature or as a practical matter, can only be acquired, performed, or incurred in the cooperating country, e.g., vehicle maintenance, hotel accommodations, etc.

(c) The coverage on ineligible and restricted goods and services in the standard provision entitled, "USAID Eligibility Rules for Goods and Services," also apply to local procurement.

(d) This provision will be included in all subagreements where local procurement of goods or services will be financed with USAID funds.

C.19 PUBLICATIONS AND MEDIA RELEASES (JUNE 1999)

(a) USAID shall be prominently acknowledged in all publications, videos, or other information/media products funded or partially funded through this award, and the product shall state that the views expressed by the author(s) do not necessarily reflect those of USAID. Acknowledgments should identify the sponsoring USAID Office and Bureau or Mission as well as the U.S. Agency for International Development substantially as follows:

"This was made possible through support provided by the Office of , Bureau for , U.S. Agency for International Development, under the terms of Award No. . The opinions expressed herein are those of the author(s) and do not necessarily reflect the views of the U.S. Agency for International Development."

(b) Unless the recipient is instructed otherwise by the Cognizant Technical Office, publications, videos, or other information/media products funded under this award and intended for general readership or other general use will be marked with the USAID logo and/or U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT appearing either at the top or at the bottom of the front cover or, if more suitable, on the first inside title page for printed products,

and in equivalent appropriate location in videos or other information/media products. Logos and markings of co-sponsors or authorizing institutions should be similarly located and of similar size and appearance.

(c) The recipient shall provide the USAID Cognizant Technical Officer one copy of all published works developed under the award with lists of other written work produced under the award. In addition, the recipient shall submit one electronic or one hard copy of final documents (electronic copies are preferred) to PPC/CDIE/DIO at the following address:

USAID Development Experience Clearinghouse (DEC)
ATTN: Document Acquisitions
1611 Kent Street, Suite 200
Arlington, VA 22209-2111
Internet e-mail address: docsubmit@dec.cdie.org
Homepage: <http://www.dec.org>

Electronic documents may be submitted on 3.5" diskettes or as e-mail attachments, and should consist of only one electronic file that comprises the complete and final equivalent of the paper copy; otherwise, a hard copy should be sent. Acceptable software formats for electronic documents include Microsoft Word, WordPerfect, Microsoft Excel and Portable Document Format (PDF).

Each document submitted to PPC/CDIE/DIO should include the following information: 1) descriptive title; 2) author(s) name; 3) award number; 4) sponsoring USAID office; 5) date of publication; 6) software name and version (if electronic document is sent).

(d) In the event award funds are used to underwrite the cost of publishing, in lieu of the publisher assuming this cost as is the normal practice, any profits or royalties up to the amount of such cost shall be credited to the award unless the schedule of the award has identified the profits or royalties as program income.

(e) Except as otherwise provided in the terms and conditions of the award, the author or the recipient is free to copyright any books, publications, or other copyrightable materials developed in the course of or under this award, but USAID reserves a royalty-free, nonexclusive, and irrevocable right to reproduce, publish, or otherwise use, and to authorize others to use the work for Government purposes.

C.20 NONDISCRIMINATION IN FEDERALLY ASSISTED PROGRAMS (MAY 1986)

No U.S. citizen or legal resident shall be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity funded by this award on the basis of race, color, national origin, age, handicap, or sex.

C.21 PARTICIPANT TRAINING (OCTOBER 1998)

(a) Definitions: A participant is any non-U.S. individual being trained under this award outside of that individual's home country.

(b) Application of ADS Chapter 253: Participant training under this award shall comply with the policies established in ADS Chapter 253, Participant Training (including TrainNet requirements), except to the extent that specific exceptions to ADS 253 have been provided in this award with the concurrence of the Global Bureau's Center for Human Capacity Development. (See ADS 253) (ADS 253 may be obtained by submitting a request to the Agreement Officer.)

(c) Orientation: In addition to the mandatory requirements in ADS 253, recipients are strongly encouraged to provide, in collaboration with the Mission training officer, predeparture orientation and orientation in Washington at the Washington International Center. The latter orientation program also provides the opportunity to arrange for home hospitality in Washington and elsewhere in the U.S. through liaison with the National Council for International Visitors (NCIV). If the Washington orientation is determined not to be feasible, home hospitality can be arranged in most U.S. cities if a request for such is directed to the Agreement Officer, who will transmit the request to NCIV through R&O/IT.

C.22 TITLE TO AND USE OF PROPERTY (RECIPIENT TITLE; OVER \$50,000) (OCTOBER 1998)

(a) Title to all property financed under this award shall vest in the recipient.

(b) The recipient agrees to use and maintain the property for the purpose of the award in accordance with the following procedures:

(1) The recipient shall not use equipment acquired with U.S. Government funds to provide services to non-U.S. Government outside organizations for a fee that is less than private companies charge for equivalent services.

(2) The recipient shall use the equipment in the program for which it was acquired as long as needed, whether or not the program continues to be supported by U.S. Government funds and shall not encumber the property without approval of USAID. When no longer needed for the original program, the recipient shall use the equipment in connection with its other Federally-sponsored activities, in the following order of priority:

(i) Activities sponsored by USAID, then

(ii) Activities sponsored by other U.S. Government agencies.

(3) During the time that equipment is used on the program for which it was acquired, the recipient shall make it available for use on other programs if such other use will not interfere with the work on the program for which the equipment was originally acquired. User charges shall be treated as program income.

(4) When acquiring replacement equipment, the recipient may use the equipment to be replaced as trade-in or sell the equipment and use the proceeds to offset the costs of the replacement equipment subject to the approval of the Agreement Officer.

(5) The recipient's property management standards for equipment acquired with U.S. Government funds and federally-owned equipment shall include all of the following:

(i) Equipment records shall be maintained accurately and shall include the following information:

(A) A description of the equipment,

(B) Manufacturer's serial number, model number, U.S. Government stock number, national stock number, or other identification number;

(C) Source of the equipment, including the award number;

(D) Whether title vests in the recipient, the U.S. Government or other specified entity;

(E) Acquisition date (or date received, if the equipment was furnished by the U.S. Government) and cost;

(F) Information from which one can calculate the percentage of U.S. Government participation in the cost of the equipment (not applicable to equipment furnished by the U.S. Government);

(G) Location and condition of the equipment and the date the information was reported;

(H) Unit acquisition cost;

(I) Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a recipient compensated USAID for its share.

(ii) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The recipient shall, in connection with the inventory, verify the existence, current utilization, and continued need for the equipment.

(iii) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft shall be investigated and fully documented and the recipient shall promptly notify the Agreement Officer.

(iv) Adequate maintenance procedures shall be implemented to keep the equipment in good condition;

(v) Where the recipient is authorized or required to sell the equipment, proper sales procedures shall be established which provide for competition to the extent practicable and result in the highest possible return.

(6) When the recipient no longer needs the equipment, the equipment may be used for other activities in accordance with the following standards:

(i) For equipment with a current per unit fair market value of \$5,000 or more, the recipient may retain the equipment for other uses provided that compensation is made to USAID for its share.

(ii) If the recipient has no need for USAID-financed equipment, the recipient shall request disposition instructions from the Agreement Officer.

(A) If so instructed or if disposition instructions are not issued within 120 calendar days after the recipient's request, the recipient shall sell the equipment and reimburse USAID its share. The recipient shall be permitted to deduct and retain from the USAID share \$500 or ten percent of the proceeds, whichever is less, for the recipient's selling and handling expenses.

(B) If the recipient is instructed to ship or otherwise dispose of the equipment, the recipient will be reimbursed by USAID for reasonable expenses incurred in disposition.

(c) USAID reserves the right to transfer the title to USAID or a third party. The equipment shall be appropriately identified in the award or otherwise made known to the recipient in writing by the Agreement Officer. When USAID exercises its right to take title, the equipment shall be subject to the Standard Provision entitled "Title to and Care of Property" (U.S. Government Title).

(d) Within 90 calendar days after the date of completion of the award the recipient shall submit an inventory of all property with the final performance report. The final inventory shall list all equipment acquired with award funds or received from USAID.

(e) Title to supplies and other expendable equipment shall vest in the recipient upon acquisition. If there is a residual inventory of new/ unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the project or program and the supplies are not needed for any other U.S. Government-sponsored project or program, the recipient may retain the supplies but must compensate USAID for its share. The recipient shall not use supplies acquired with USAID funds to provide services to outside organizations for a fee that is less than private companies charge for equivalent services, unless specifically authorized by U.S. Government statute as long as the U.S. Government retains an interest in the supplies.

(f) Recipients shall, at a minimum, provide the equivalent insurance coverage for real property and equipment acquired with Federal funds as provided to property owned by the recipient.

(g) If the purchase of real property (meaning land, land improvements, structures, and appurtenances thereto) is supported under the award, separate instructions will be provided to the recipient by the Agreement Officer.

C.23 COST SHARING (MATCHING) (JAN 2002)

(a) During the period of this award, the recipient agrees to spend funds from non-U.S. Government sources in an amount at least equal to the amount or percentage of the total expenditures under this award specified in the schedule of the award. The schedule of this award may also contain restrictions on the application of cost sharing (matching) funds. The schedule of the award takes precedence over the terms of this provision.

(b) Eligibility of non-U.S. Government funds applied to satisfy cost sharing (matching) requirements under this award are set forth below:

(1) Charges incurred by the recipient as project costs. Not all charges require cash outlays by the recipient during the project period; examples are depreciation and use charges for buildings and equipment.

(2) Project costs financed with cash contributed or donated to the recipient by other non-U.S. Government organizations (may include public international organizations or foreign governments and institutions, private organizations, or individuals), and

(3) Project costs represented by services and real and personal property, or use thereof, donated by other non-U.S. Government agencies and institutions, and private organizations and individuals.

(c) All contributions, both cash and in-kind, shall be accepted as part of the recipient's cost sharing (matching) when such contributions meet all of the following criteria:

(1) Are verifiable from the recipient's records;

(2) Are not included as contributions for any other U.S. Government-assisted program;

(3) Are necessary and reasonable for proper and efficient accomplishment of project objectives;

(4) Are types of charges that would be allowable under the applicable Federal cost principles;

(5) Are not paid by the U.S. Government under another grant or agreement (unless the grant or agreement is authorized by U.S. Government law to be used for cost sharing or matching);

(6) Are provided for in the approved budget when required by USAID; and

(7) Conform to other provisions of this paragraph.

The source, origin and nationality requirements and the restricted goods provision established in the Standard Provision entitled "USAID Eligibility Rules for Goods and Services" do not apply to cost sharing (matching) expenditures.

(d) Values for recipient in-kind contributions will be established in accordance with the applicable Federal cost principles.

(e) Specific procedures for the recipient in establishing the value of in-kind contributions from non-U.S. Government third parties are set forth below:

(1) Valuation of volunteer services: Volunteer services may be furnished by professional and technical personnel, consultants, and other skilled and unskilled labor. Volunteer services may be counted as cost sharing or matching if the service is an integral and necessary part of an approved program.

(i) Rates for volunteer services: Rates for volunteers should be consistent with those paid for similar work in the recipient's organization. In those instances in which the required skills are not found in the recipient's organization, rates should be consistent with those paid for similar work in the labor market in which the recipient competes of the kind of services involved. In either case, paid fringe benefits that are reasonable, allowable, and allocable may be included in the valuation.

(ii) Volunteers furnished by other organizations: When an employer other than the recipient furnishes the services of an employee, these services shall be valued at the employee's regular rate of pay (plus an amount of fringe benefits that are reasonable, allowable, and allocable, but exclusive of overhead costs) provided these services are of the same skill for which the employee is normally paid.

(2) Valuation of donated supplies: Donated supplies may include such items as expendable equipment, office supplies, laboratory supplies or workshop and classroom supplies. Value assessed to expendable personal property included in the cost (matching) share shall be reasonable and shall not exceed the market value of the property at the time of the donation.

(3) Valuation of donated equipment, buildings, and land or use thereof:

(i) The method used for charging cost sharing or matching for donated equipment, buildings, and land for which title passes to the recipient may differ according to the purpose of the award as follows:

(A) If the purpose of the award is to assist the recipient in the acquisition of equipment, buildings, or land, the total value of the donated property may be claimed as cost sharing or matching.

(B) If the purpose of the award is to support activities that require the use of equipment, buildings, or land; normally only depreciation or use charges for equipment and buildings may be made. However, the full value of equipment or other capital assets and fair rental charges for land may be allowed provided that the USAID Agreement Officer has approved the charges.

(ii) The value of donated property will be determined in accordance with the usual accounting policies of the recipient with the following qualifications:

(A) Land and buildings: The value of donated land and buildings shall not exceed its fair market value, at the time of donation to the recipient as established by an independent appraiser (e.g. certified real property appraiser or General Services Administration representative) and certified by a responsible official of the recipient.

(B) Equipment: The value of donated equipment shall not exceed the fair market value of equipment of the same age and condition at the time of donation.

(C) Use of space: The value of donated space shall not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately owned building in the same locality.

(D) Loaned equipment: The value of loaned equipment shall not exceed its fair rental value.

(f) The following requirements pertain to the recipient's supporting records for in kind contributions from third parties. With the authorization of the Agreement Officer, the recipient may attribute cost share contributions from subrecipients to the prime award.

(1) Volunteer services must be documented and, to the extent feasible, supported by the same methods used by the recipient for its employees.

(2) The basis for determining the valuation for personal services, material, equipment, buildings, and land shall be documented.

(g) Individual expenditures do not have to be shared or matched provided that the total expenditures incurred during the year (or funding period) are shared or matched in accordance with the agreed upon amount or percentage set forth in the schedule of the award.

(h) If at the end of any or funding period hereunder, the recipient has expended an amount of non-U.S. Government funds less than the agreed upon amount or percentage of total expenditures, the Agreement Officer may apply the difference to reduce the amount of USAID funding for the following funding period, or, if this award has expired or been terminated, may require that the recipient refund the difference to USAID.

(i) If the recipient fails to act in good faith to meet the cost sharing(matching) requirements set forth in paragraph (a) above, the Agreement Officer may consider it sufficient reason to terminate this award for cause in accordance with the Standard Provision of this award entitled "Termination and Suspension".

(j) The restrictions on the use of USAID funds set forth in the standard provisions of this award are applicable to expenditures incurred with USAID funds provided under this award. Except for the requirements of this standard provision, the restrictions set forth in the standard provisions of this grant are not applicable to costs incurred by the recipient from non-U.S. Government funds. The recipient will account for the USAID funds in accordance with the standard provision of this award entitled "Accounting, Audit, and Records"; however, in the event of disallowances of expenditures from USAID award funds, the recipient may substitute expenditures made with funds provided from non-U.S. Government sources, provided they are eligible in accordance with all the standard provisions of this award.

(k) Notwithstanding paragraph (b) of the standard provision of this award entitled "Refunds", the parties agree that in the event of any disallowance of expenditures from USAID award funds provided hereunder, the recipient may substitute expenditures made with funds provided from

non-Federal sources provided they are otherwise eligible in accordance with paragraph (b) of this provision.

C.24 COMMUNICATIONS PRODUCTS (OCTOBER 1994)

(a) Definition - Communications products are any printed material (other than non-color photocopy material), photographic services or video production services.

(b) Standards - USAID has established standards for communications products. These standards must be followed unless otherwise specifically provided in the agreement or approved in writing by the Agreement Officer. A copy of the standards for USAID-financed publications and video productions is attached.

(c) Communications products which meet any of the following criteria are not eligible for USAID financing under this agreement unless specifically authorized in the agreement schedule or in writing by the Agreement Officer:

(1) Any communication products costing over \$25,000, including the costs of both preparation and execution. For example, in the case of a publication, the costs will include research, writing and other editorial services (including any associated overhead), design, layout, and production costs.

(2) Any communication products that will be sent directly to, or is likely to be seen by, a Member of Congress or Congressional staffer.

(3) Any publication that will have more than 50 percent of its copies distributed in the United States (excluding copies provided to PPC/CDIE and other USAID/W offices for internal use).

C.25 REPORTING OF FOREIGN TAXES

(a) Final and Interim Reports. The recipient must annually submit two reports: (i) an interim report by November 17; and (ii) a final report by April 16 of the next year.

(b) Contents of Report. The reports must contain: (i) Recipient name. (ii) Contact name with phone, fax and email. (iii) Agreement number(s). (iv) Amount of foreign taxes assessed by a foreign government [each foreign government must be listed separately] on commodity purchase transactions valued at \$500 or more financed with U.S. foreign assistance funds under this agreement during the prior U.S. fiscal year. NOTE: For fiscal year 2003 only, the reporting period is February 20, 2003 through September 30, 2003. (v) Only foreign taxes assessed by the foreign government in the country receiving U.S. assistance is to be reported. Foreign taxes by a third party foreign government are not to be reported. For example, if an assistance program for Lesotho involves the purchase of commodities in South Africa using foreign assistance funds, any taxes imposed by South Africa would not be reported in the report for Lesotho (or South Africa). (vi) Any reimbursements received by the Recipient during the period in (iv) regardless of when the foreign tax was assessed plus, for the interim report, any reimbursements on the taxes reported in (iv) received by the recipient through October 31 and for the final report, any reimbursements on the taxes reported in (iv) received through March 31. (vii) The final report is an updated cumulative report of the interim report. (viii) Reports are required even if the contractor/recipient did not pay any taxes during the report period. (ix) Cumulative reports may

be provided if the contractor/recipient is implementing more than one program in a foreign country.

(c) Definitions. For purposes of this clause: (i) "Agreement" includes USAID direct and country contracts, grants, cooperative agreements and interagency agreements. (ii) "Commodity" means any material, article, supply, goods, or equipment. (iii) "Foreign government" includes any foreign governmental entity. (iv) "Foreign taxes" means value-added taxes and custom duties assessed by a foreign government on a commodity. It does not include foreign sales taxes.

(d) Where. Submit the reports to: USAID/El Salvador, Controller's Office, Boulevard Santa Elena Sur, Antiguo Cuscatlán, La Libertad, El Salvador. Telephone No. (503)2234-1242.

(e) Sub-agreements. The recipient must include this reporting requirement in all applicable subcontracts, sub-grants and other sub-agreements.

(f) For further information see <http://www.state.gov/m/rm/c10443.htm> .

C.26 DRUG-FREE WORKPLACE (JANUARY 2004)

(1) The recipient agrees that it will publish a drug-free workplace statement and provide a copy to each employee who will be engaged in the performance of any Federal award. The statement must

(a) Tell the employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in its workplace;

(b) Specify the actions the recipient will take against employees for violating that prohibition; and

(c) Let each employee know that, as a condition of employment under any award, he or she

(1) Must abide by the terms of the statement, and

(2) Must notify you in writing if he or she is convicted for a violation of a criminal drug statute occurring in the workplace, and must do so no more than five calendar days after the conviction.

(2) The recipient agrees that it will establish an ongoing drug-free awareness program to inform employees about

(a) The dangers of drug abuse in the workplace;

(b) Your policy of maintaining a drug-free workplace;

(c) Any available drug counseling, rehabilitation and employee assistance programs; and

(d) The penalties that you may impose upon them for drug abuse violations occurring in the workplace.

(3) Without the Agreement Officer's expressed written approval, the policy statement and program must be in place as soon as possible, no later than the 30 days after the effective date of this award, or the completion date of this award, whichever occurs first.

(4) The recipient agrees to immediately notify the Agreement Officer if an employee is convicted of a drug violation in the workplace. The notification must be in writing, identify the employee's position title, the number of each award on which the employee worked. The notification must be sent to the Agreement Officer within ten calendar days after the recipient learns of the conviction.

(5) Within 30 calendar days of learning about an employee's conviction, the recipient must either

(a) Take appropriate personnel action against the employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973 (29 USC 794), as amended, or

(b) Require the employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for these purposes by a Federal, State or local health, law enforcement, or other appropriate agency.

(6) The policies and procedures applicable to violations of these requirements are set forth in 22 CFR Part 210.