

Acuerdos Bilaterales

Clasificación: 78-2005

Fecha de Ingreso: 26 de Octubre de 2005

Nombre de Acuerdo: Amendment Number Seven to Grant Number ENV-G-00-99-00001

Materia:

Partes: SG/OEA & U.S. Agency for International Development

Referencia: USAID

Fecha de Firma: 25 de septiembre de 2005

Fecha de Inicio:

Fecha de Terminación:

Lugar de Firma:

Unidad Encargada:

Persona Encargada:

Original:

Claves:

Cierre del proceso:



U. S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

Mr. Secretary General José Miguel Insulza
Secretary General
Organization of American States
1889 F. Street, N.W.
Washington, D.C. 20006

Subject: Amendment Number Seven to Grant Number ENV-G-00-99-00001

Dear Mr. Insulza:

Reference is made to the above-referenced grant agreement (the Letter Grant) which supports the OAS Renewable Energy in the Americas ("REIA") Initiative. A total of eight hundred seventy-two thousand, five hundred dollars (\$872,500) has been obligated to date under the Grant Agreement, a copy of which is attached hereto and made a part hereof. The purpose of this letter is to amend the Letter Grant by increasing the grant total by the sum of one hundred and twelve thousand, five hundred dollars (\$112,500), and increasing the ceiling of the Grant from \$872,500 to \$985,000.

OAS promotes sustainable energy through the implementation of activities in several program areas, including: (1) Energy Policy and Regulation Support; (2) Technical Assistance, Training and Trade Promotion; (3) Hemispheric Sustainable Energy Integration. This Grant will also allow the OAS to continue managing the Technical Secretariat for REIA.

These activities are described in detail in the attached supplemental Program Description. Upon the effective date of this Amendment, the new grant total shall be nine hundred eighty-five thousand dollars (\$985,000).

Notwithstanding anything to the contrary herein, Grant funds may not be used to finance the travel, per diem, hotel expenses, meals, or other conference costs for any member of a sovereign government's delegation to an international conference sponsored by the OAS.

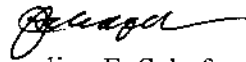
Upon your acceptance, this Grant is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Recipient in furtherance of the Grant purpose during the period beginning on the date of this letter, and ending September 30, 2006.

Except as provided otherwise in this letter amendment, all of the terms and conditions of the attached Grant Agreement including the Schedule, the Training Provisions and the Standard Provisions shall remain in full force and effect.

If the foregoing is acceptable to you, please indicate by signing the original and all enclosed copies of this letter to acknowledge your agreement with the terms of this letter and return the original and all but one copy to:

Ms. Patricia Flanagan
USAID/EGAT/I&E/E
Room 3.08.124
1300 Pennsylvania Avenue, N.W.
Washington, D.C. 20523-3800

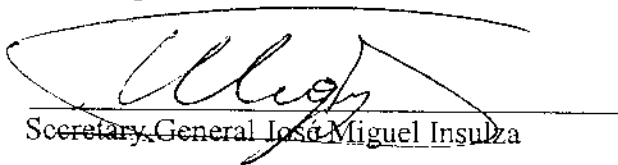
Sincerely,



Jacqueline E. Schafer
Deputy Assistant Administrator
Bureau for Economic Growth,
Agriculture and Trade

ACCEPTED: Organization of American States

BY:


Secretary General José Miguel Insulza

TITLE: Secretary General, Organization of American States

DATE: Sept. 29, 2005

Enclosures:

1. Accounting and Appropriation Data
2. Amendment 7

ACCOUNTING AND APPROPRIATION DATA

A. General

1.	Total Oblig. Prior to this Oblig.:	\$872,500
2.	This Obligation Amount:	\$112,500
3.	Total Oblig. Amt. per Date of This Action:	\$985,000
4.	Est. Amount of Ceiling	\$985,000
5.	Project Number:	905-111
6.	USAID Project Office:	USAID/EGAT/I&E/E Ronald Reagan Bldg., 3.08B Washington, D.C. 20523-3800
7.	Funding by USAID Operating Unit:	USAID/EGAT/I&E

B. NMS Funding Hierarchy

1.	Request I.D.:	NMS # 455
2.	Organization Symbol:	12070
3.	Resource Category Code:	R421
4.	Activity Name:	Increased access to clean and affordable energy technologies and services.
5.	Fund/Fund Acct./Allotment Symbol:	2005 -DV
6.	Obligation No.:	TBD
7.	Period of Performance:	Twelve months
8.	Distribution:	ENV008
9.	Management:	EGAT008
10.	BGA:	997
11.	SOC:	251920

C. Phoenix Funding Hierarchy

1.	Document Commitment #	PR-EGAT/EIT-0423
2.	Template:	EGAT-EIT PROGRAM Fund
3.	BFYs/Fund:	2005 DV
4.	Operating Unit	EGAT/EIT
5.	SO	905-111
6.	Distribute	ENV008

- 7. Mgmt
- 8. BGA
- 9. SOC

EGAT008
997
251920

Loc Number:

HHS - 44B69

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7. Mgmt
8. BGA
9. SOC

EGAT008
997
251920

Loc Number:

HHS - 44B69

Attachment 1: Schedule

A. Purpose of Grant

The purpose of this Grant is to provide support for the GS/OAS RELA Program, as more specifically described in Attachment 2 (the Program Description) of this Grant.

B. Period of Grant

1. The effective date of this Grant is the date the Amendment is signed by both parties. The expiration date of this Grant is September 30, 2006.

C. Amount of Grant and Payment

1. USAID hereby obligates the amount of \$112,500 for purposes of this Grant.
2. Payment will be made to the Grantee in accordance with the procedures set forth in Attachment 3 (the Standard Provisions).

D. Grant Budget

The following is the Grant Budget. Revisions to this Budget may be made only in accordance with the Standard Provision of this Grant entitled "Revision of Grant Budget."

Details of Amendment 7 Budget:

CATEGORY	GS/OAS-USDE Commitment	USAID Commitment	TOTAL COST
Director: Salary and fringe	\$150,000		\$150,000
Project assistants: Salary and Fringe	\$56,000	\$46,000	\$102,000
Office space, std. office supplies, phone, fax, computer hard/software, printer, etc.	\$10,000		\$10,000
Travel		\$10,000	\$10,000
Subcontracts		\$26,000	\$26,000
Outreach and training	\$10,000	\$15,000	\$25,000
Misc. ODCs	\$10,000	\$15,500	\$25,500
TOTAL	\$236,000	\$112,500	\$348,500

E. Reporting and Evaluation

1. Progress Reports:

The Grantee shall furnish the USAID Program Manager with an original and two (2) copies of quarterly progress reports, the first quarter reporting period beginning on the date of the Grant Letter. Quarterly reporting will continue to the completion date of the Grant, or the completion of work funded under the Grant, whichever is later. Quarterly reports shall be submitted within 30 days after the end of the applicable quarter. Each report shall outline the progress, to-date, in achieving Program Objectives, as set forth in the Program Description (Attachment 2) to this Grant, including completion of components, elements or activities against planned targets; a description of overall program status; other accomplishments and major highlights of the Grant's implementation; identification and explanation of significant problems or delays related to achievement of objectives or activities; a brief summary of significant corrective actions and major activities planned for the subsequent reporting period.

The title page of all reports required under this section shall include a descriptive title, the author's name(s), the Grant number, the project number and title, the Grantee's name, name of the USAID program office, and the publication or issuance date of the report.

Such reports should be mailed to:

United States Agency for International Development
Patricia Flanagan, Rural Energy Services Program
Ronald Reagan Building
EGAT/I&E/E, Room 3.08-74
Washington, D.C. 20523-3800

2. Financial Reporting:

- a) Financial reporting requirements shall be in accordance with the Standard Provision set forth in Attachment I of this Agreement entitled "Payment (Letter of Credit)."
- b) The SF 269 and SF 272 are required on a quarterly basis. The Recipient shall submit these forms in the following manner:
 - i. The SF 272 and 272a (if necessary) must be submitted via electronic format to the U.S. Department of Health and Human Services (HHS) (<http://www.dpm.psc.gov>) within 45 calendar days following the end of each quarter. A copy of this form shall also be submitted at the same time to the Cognizant Technical Officer (CTO).
 - ii. Two copies of the SF 269 or 269a (as appropriate) must be submitted to the CTO (one copy marked for EGAT/I&E/E, Patricia Flanagan). These reports shall be submitted within 30 calendar days from the end of each quarter, except that the final report shall be submitted within 90 calendar days from the estimated completion date of this Agreement.

- iii. The original and two copies of all final financial reports shall be submitted to the USAID/Washington M/FM/CMP-LOC Unit. The electronic version of the final SF 272 or 272a may be submitted to HHS in accordance with paragraph b(i) above.

3. Final Report:

Within 60 days following the completion date of the Grant, or completion of work under the Grant, whichever is later, the Grantee shall submit an original and two (2) copies of a Final Technical Report to the USAID Program Manager specified at Section E.1., above, indicating the degree to which Program Objectives, as set forth in the Program Description (Attachment 2) to the Grant were accomplished, problems or delays that materially affected the ability to attain Program Objectives, corrective actions taken, and lessons of relevance for future similar activities.

4. Additional Report Copies:

The Grantee shall prepare and submit one (1) copy of each progress and final report, and one (1) copy of each financial report, to the Bureau for Program and Policy Coordination, Center for Development Information and Evaluation, Development Information Division. Such reports should be mailed to:

United States Agency for International Development
Ronald Reagan Building
PPC/CDIE/DI, Room 6.07-106
Washington, D.C. 20523-6701

F. Special Provision
None

Attachment 2

PROGRAM DESCRIPTION, YEAR SEVEN

Renewable Energy in the Americas (REIA) Initiative at the Organization of American States (OAS)

1. Background

The Renewable Energy in the Americas (REIA) Initiative is a program to accelerate the development and use of renewable energy and energy efficiency solutions for meeting the growing energy needs of Latin American and Caribbean countries. REIA is managed by the General Secretariat of the Organization of American States (GS/OAS, hereinafter referred to as OAS), a multilateral development organization headquartered in Washington, DC with national offices throughout the region. The OAS serves the interests of all democratically elected governments of the hemisphere. As such the OAS is well positioned to guide REIA in achieving its goals for sustainable energy development.

The OAS is comprised of technical assistance programs in many areas including: education, trade, science and technology, and democracy. The REIA Initiative is managed within the Office of Sustainable Development and Environment (OSDE). The OSDE currently coordinates projects in the areas of biodiversity protection, water resource management, natural hazard mitigation and recovery, land management, climate change adaptation, and sustainable energy.

The key objective for REIA, based at the OAS, is the promotion of renewable energy and energy efficiency ("sustainable energy") projects throughout Latin America and the Caribbean (LAC). Promoting sustainable energy is consistent with the goals of the OAS and USAID inasmuch as it helps achieve the following:

- Reductions in local environmental emissions
- Increased electrification of rural areas at a lower cost than grid extension or

executed the GVEP-LAC Regional Conference in Santa Cruz, Bolivia. This event, which was attended by over 250 participants from 21 countries, resulted in commitments by eight countries to prepare comprehensive GVEP Action Plans. These plans call for the significant expansion of rural energy services throughout the region.

- Launched the Rural Connectivity and Energy Project, delivering isolated rural energy and telecommunications in Honduras and other countries. REIA has helped to prepare several projects for OAS grants in Honduras, leading to the construction of four rural community telecommunication and energy installations. These pilot projects have been used to catalyze a \$10 million national rural connectivity and energy project with the Inter-American Development Bank.
- Co-founded the Global Sustainable Energy Islands Initiative (GSEII) and prepared National Sustainable Energy Plans for St. Lucia, Dominica and Grenada. The Plans set firm targets for the transition to clean energy, and away from imported fossil fuels. With financial assistance from USAID, REEEP and others, an innovative solar hot water heating loan program is currently being launched for residential customers in the region.
- REIA collaborated with the U.S. Department of State and USAID (LAC Bureau) to implement the Andean Geothermal Energy Workshop. This event targeted potential sites for geothermal energy development and its follow up seeks to create opportunities for commercial development of this resource in South America.

REIA will continue to assist the countries of Latin America and the Caribbean in the development of a sustainable energy infrastructure supported by financing options, policy measures, and public awareness. By supporting the expansion of energy services to the rural poor populations and encouraging the use of clean renewable energy and energy efficiency technologies, REIA is promoting economic development and mitigating impacts to the local and global environment.

The REIA Initiative has utilized the support from USAID and other donors to catalyze numerous projects throughout the region, which, through the incorporation of sustainable energy technologies, enhance economic development, reduce rural poverty, mitigate environmental hazards, and increase energy security. A sample of such activities, including those directly managed by REIA, and those where REIA played a contributing role, is provided below:

- The Renewable Energy and Energy Efficiency Partnership (REEEP) was conceived of at the World Summit on Sustainable Development, and has recently been referenced by the White House as a key element of the President's strategy for renewable energy and energy efficiency promotion. REIA played a central role in the formulation of the REEEP program and currently serves to coordinate the Latin American and Caribbean Regional Secretariat for the Partnership. During the previous two years, REIA has, in this capacity, helped to channel over \$500,000 in resources to the countries of Latin America and the Caribbean for sustainable energy initiatives targeting policies and financing.
- REIA worked with several small island nations in the Eastern Caribbean to secure a grant from the Global Environment Facility (GEF) to explore the potential for the development of geothermal power. The preliminary GEF Grant for \$725,000 supports the pre-feasibility assessment for geothermal power in Dominica, Saint Lucia, and Saint Kitts and Nevis. The Full Project Commitment from the GEF totals more than \$8.5 Million.
- Working with the national regulatory commission and the Ministry of Energy in Guatemala, REIA catalyzed and help prepare the Renewable Energy Incentives Law.
- REIA assisted in the development of the Latin American and Caribbean Initiative for the Global Village Energy Partnership (GVEP-LAC). GVEP, a collaboration between the World Bank, USAID, and other donors, has set critical targets for the expansion of energy services to the rural poor in many countries of the world. In the case of Latin America and the Caribbean, REIA

2. Activity Description:

REIA functions primarily on two levels: (1) It provides ongoing advisory services and support to OAS member states in consideration of energy alternatives; and (2) It works with OAS member states, in consultation with USAID (headquarters and mission) to develop projects that lead to the increased use of renewable energy and energy efficiency alternatives. The areas of work specifically targeted by REIA include: (1) Energy Policy and Regulation Support; (2) Technical Assistance, Training and Trade Promotion; (3) and Hemispheric Sustainable Energy Integration. This Grant will also enable the continued management of the REIA Technical Secretariat.

2.1 Energy Policy and Regulatory Support

REIA works actively with OAS member states in an effort to affect energy policies and regulations such that market conditions for sustainable energy systems are improved. In Mexico, REIA has recently launched a cooperation program including the Energy Secretariat (SENER) and the Energy Regulatory Commission (CRE) to prepare regulations that will support its new renewable energy law. Mexico has made considerable efforts to increase its national commitment to the use of renewable energy. The new law contemplates up to 3,000 MW of additional renewables. Regulations that address feed-in tariffs, capacity payments for intermittent technologies, and voltage and frequency regulation for renewables will be considered.

In the Caribbean, REIA is working with several countries to help establish clean energy policies that will assist in the transformation of their energy sectors. This effort in the Caribbean is organized through the *Global Sustainable Energy Islands Initiative (GSEII)*. The GSEII is a consortium of multilateral organizations and private institutions, for which the OAS serves as a lead partner in work throughout the Region. REIA has assisted in expanding resources and support for GSEII, including securing commitments from the United Nations Foundation and United Nations Industrial Development Organization (UNIDO) to match contributions for these activities. The GSEII activities will continue to support the implementation of the Sustainable Energy Plans (SEP) in St.

- remote diesel generators
- Reduced fossil fuel imports
- Creation of local employment and poverty reduction
- Promotion of commerce between industries throughout the Americas
- Encourage sound energy policies in a privatized energy marketplace

The OAS and USAID together provide the core funding support for the REIA Initiative. As a result, REIA has been very successful in promoting sustainable energy in Latin America and the Caribbean since 1999. REIA interventions throughout the region include:

- Policy and regulatory support – assisting in the preparation of policies and regulations that improve the market conditions for renewable energy and energy efficiency projects
- Project management and technical assistance – cooperating in the development and implementation of sustainable energy project opportunities, including supporting links to other multilateral development organizations
- Hemispheric energy integration – supporting partnerships and dialogue among energy stakeholders through the Global Village Energy Partnership (GVEP), Renewable Energy and Energy Efficiency Partnership (REEEP) and the Summit of the Americas
- Training and trade promotion – increasing human and technical capacity for local participation in sustainable energy projects.

The core funding from USAID and OAS enables REIA to leverage additional cost-shared contributions from other donor organizations. This includes the development of project proposals with partners in the region, and other institutions including the World Bank, Global Environment Facility, United Nations Environment Programme, and United Nations Foundation. Currently, REIA is managing the execution of over \$8 million of leveraged support for projects in the Eastern Caribbean, Brazil, Mexico, and Central America.

Lucia, Grenada, and Dominica. A key component of the SEPs is the identification of potential project development opportunities. Several innovative projects are currently in execution, including the preparation of the Caribbean Solar Finance Program, a power grid efficiency improvement project in Dominica, and the energy efficient light bulb project in St. Lucia and Grenada. At present, the Initiative is working with St. Kitts and Nevis in the initial stages to prepare a Sustainable Energy Plan for that country.

2.2 Technical Assistance and Trade Promotion

REIA will continue to develop innovative sustainable energy project development initiatives. The two new activities that are expected to be included in the work plan for this year include the development of geothermal in the Andean region and a biomass development initiative for the Caribbean.

In March 2005 REIA convened a workshop in Santiago, Chile, with the support of the U.S. State Department and USAID. The workshop brought together senior representatives from energy ministries throughout Latin America to discuss priorities for the future development of geothermal resources. The lack of development of geothermal power in the Andean region was notable, particularly given the progress in this area in Mexico, Central America and the Caribbean. The participants agreed to collaborate in a regional dialogue through which key measures to overcome the obstacles to geothermal in the Andes, and other Latin American countries, would be identified and launched. REIA would serve to coordinate the establishment of this initiative.

REIA, with USAID support, continues to manage the GEF-funded project entitled *Eastern Caribbean Geothermal Development Project (Geo-Caraïbes)*. This project proposes to catalyze the development of geothermal power plants in each of the three participating countries: Dominica, St. Kitts and Nevis, and St. Lucia. This project will undertake work in four critical areas: geothermal policy development, institutional/human capacity building, resource exploration, and project financing (including the creation of a US\$10 million drilling risk fund). It is expected that at least 10 MW and as many as 100 MW of geothermal power will be developed as a result of this effort. Geothermal power

generation serves to offset electricity from diesel-powered generators. By displacing such generation, geothermal helps contribute significantly to economic growth and poverty alleviation, as additional jobs are created, and large quantities of imported oil are offset. During the next year this project will enter its critical Full Project Phase including over \$7.5 million of funding support from the GEF and up to \$5 million from other donor organizations.

Through its ongoing interactions with several Caribbean countries, REIA has identified great interest in the area of biomass energy development. This is the result of the increasing economic shocks associated with the increases in oil prices, and the fact that sugar and other agricultural products have suffered greatly from falling prices and increased competition. As a result, REIA has been asked to support efforts to develop strategies for the integration of biomass energy as an alternative to the use of imported fossil fuels. An initial review of opportunities and potential interventions will be prepared by REIA for the country of St. Kitts and Nevis.

2.3 Hemispheric Sustainable Energy Integration

The OAS is a principal coordinating agency for the Summit of the Americas, which is the hemispheric forum for presidents/heads of state. Under the direction of the Summit, the mandates for various sectors, including energy are coordinated. The OAS provides technical assistance and management for the ministerial initiatives in several sectors:

A regional approach to catalyzing the delivery of rural energy service is being developed by REIA in partnership with USAID, the World Bank and other institutions. *The Global Village Energy Partnership – Latin America and Caribbean Initiative (GVEP – LAC)* works with key countries of the region in the design of national rural energy plans that work toward universal electrification. REIA will continue to support the GVEP – LAC process. In this capacity it will assist the eight target countries of the first phase of this initiative in the development and execution of GVEP – LAC Action Plans. Further, REIA will work with additional countries in the development of their preliminary GVEP commitments.

REIA has been named the Regional Secretariat for the *Renewable Energy and Energy Efficiency Partnership (REEEP)*, established at the World Summit on Sustainable Development in Johannesburg, South Africa. Likewise, the U.S. Government has recently signed on as a REEEP partner. As regional secretariat for REEEP, REIA is responsible for the creation of a regional dialogue/network among key energy stakeholders of the region. It assists in the development of renewable energy and energy efficiency project concepts and in efforts to identify funding for those initiatives. During the next year, it is expected that REIA will coordinate the selection of funding of approximately 8 new projects, including the distribution of over \$500,000 in project grants.

2.4 REIA Technical Secretariat Management

The REIA Technical Secretariat will continue to manage the dialogue among its various public and private sector counterparts. This involves regular contacts via telephone and e-mail, as well as interactions with senior government officials through the convening mechanisms of the OAS General Secretariat. REIA will continue to publish the REIA Newsletter, that will be widely distributed to the member countries, government organizations, and private and non-profit institutions involved in energy throughout the region.

These USAID grant resources will be combined with those of the other partners to enable REIA to be an effective agent promoting commercial applications of clean, indigenous renewable energy technologies throughout the Americas. Specifically, the USAID funds will be used to support the assistant to the REIA Director, to fund travel for the execution of the REIA agenda, to engage specialized consultants on an as-needed basis, to provide necessary outreach and training support, and to cover other direct costs (ODCs), as appropriate.

OAS REIA Budget

CATEGORY	GS/OAS-OSDE Commitment	USAID Commitment	TOTAL COST
Director: Salary and Fringe	\$150,000		\$150,000
Project Assistants: Salary and Fringe	\$ 56,000	\$ 46,000	\$ 102,000
Office Space, std. office supplies, phone, fax, computer hard/software, printer, etc.	\$ 10,000		\$ 10,000
Travel		\$ 10,000	\$10,000
Subcontracts		\$ 26,000	\$ 26,000
Outreach and Training	\$ 10,000	\$ 15,000	\$25,000
Misc. ODCs	\$10,000	\$ 15,500	\$ 25,500
TOTAL	\$236,000	\$112,500	\$348,500

Attachment 3: Standard Provisions

Mandatory Reference: 308
File Name: 308mab_032304_cd35
Revision: 03/23/2004
Effective Date: 03/15/2004

1. ALLOWABLE COSTS (DEC 2003)

- a. The grantee will be reimbursed for costs incurred in carrying out the purposes of this grant, which are reasonable, allocable, and allowable.
- (1) "Reasonable" means those costs that do not exceed those that would ordinarily be incurred by a prudent person in the conduct of normal business.
 - (2) "Allocable" means those costs that are necessary to this grant.
 - (3) "Allowable" means those costs that are reasonable and allocable, and that conform to any limitations set forth in this grant.
- b. The grantee is encouraged to obtain the Agreement Officer's written determination as to whether the cost will be allowable before incurring a questionable or unique cost.

2. AMENDMENT (JULY 1988)

The grant may be amended upon mutual consent of the parties by formal modifications to the basic grant document or by means of an exchange of letters between the Agreement Officer and an appropriate official of the grantee.

3. NONLIABILITY (JULY 1988)

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

4. NOTICES (DEC 2003)

Any notice given by USAID or the grantee will be sufficient only if in writing and delivered in person, mailed, or transmitted electronically by e-mail or fax, as follows:

- To the USAID Agreement Officer, at the address specified in the grant.
- To grantee, at the grantee's address shown in the grant or such other address designated within the grant.

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

5. REFUNDS (DEC 2003)

- a. If the grantee earns interest on Federal advances before expending the funds for program purposes, the grantee must remit the interest annually to USAID. Interest amounts up to \$250 per year may be retained by the grantee for administrative expenses.
- b. Funds obligated by USAID but not disbursed to the grantee before the grant expires or is terminated will revert to USAID, except for funds committed by the grantee to a legally binding transaction applicable to this grant. Any funds advanced to but not expended by the grantee before the time of expiration or termination of the grant must be refunded to USAID, except for funds committed by the grantee to a legally binding transaction applicable to this grant.

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

6. REVISION OF GRANT BUDGET (DEC 2003)

a. The approved grant budget is the financial expression of the grantee's program as approved during the grant award process.

b. The grantee must immediately request approval from the Agreement Officer when there is reason to believe that within the next 30 calendar days a revision of the approved grant budget will be necessary for any of the following reasons:

- * (1) To change the scope or the objectives of the program or to add any new activity.
- (2) To revise the funding allocated among program objectives by more than 10 percent of the total budget amount unless the schedule states otherwise.
- (3) Additional funding is needed.
- (4) The grantee expects the amount of USAID authorized funds to exceed its needs by more than \$5,000 or five percent of the USAID award, whichever is greater.

c. Except as required by other provisions of this grant specifically stated to be an exception from this provision, the government will not be obligated to reimburse the grantee for costs incurred in excess of the total amount obligated under the grant. The grantee will not be obligated to continue performance under the grant (including actions under the "Termination Procedures" provision) or otherwise to incur costs in excess of the amount obligated under the grant, unless and until the Agreement Officer notifies the grantee in writing that such obligated amount has been increased and specifies the new grant total amount.

7. TERMINATION PROCEDURES (DEC 2003)

This agreement may be terminated by either party, in whole or in part, at any time with 30 days written notice of termination. Upon receiving a termination notice from the Agreement Officer, the grantee must take immediate action to cease all expenditures financed by this grant and to cancel all unliquidated obligations if possible. The grantee may not enter into any additional obligations under this grant after receiving the notice of termination, other than those reasonably necessary to effect the close out of this grant. Except as provided below, no further reimbursement will be made after the effective date of termination. Within 30 days of the effective date of termination, the grantee must repay to the government all unexpended USAID funds that are not otherwise obligated by a legally binding transaction applicable to this grant. If the funds paid by the government to the grantee before the effective date of termination are not sufficient to cover the grantee's obligations under a legally binding transaction, the grantee may submit a written claim for such amount to the government within 90 days after the effective date of termination. The Agreement Officer will determine the amount(s) to be paid by the government to the grantee under such claim in accordance with the "Allowable Costs" provision of this grant.

8. AUDIT AND RECORDS (STANDARD) (DEC 2003)

(This provision is applicable when USAID is not the sole contributor to the grant program.)

The grantee is required to maintain books, records, documents, and other evidence in accordance with the grantee's usual accounting procedures to sufficiently substantiate charges to the grant. The grantee confirms that this program will be subject to an independent audit in accordance with the Grantee's usual auditing procedures, and agrees to furnish copies of these audit reports to USAID along with such other related information as may be reasonably requested by USAID with respect to questions arising from the audit report.

9. INVESTMENT PROMOTION (DEC 2003)

*(This provision is required when the grant funds "gray-area activities" as defined in **ADS 225.3.16** or investment-related activities where specific activities are not identified at the time of obligation but could be for investment-related activities.)

- a. Except as specifically set forth in the grant or otherwise authorized by USAID in writing, no funds or other support provided by this grant may be used for any activity that involves investment promotion in a foreign country.
- b. In the event the grantee is requested or wishes to provide assistance in the above area or requires clarification from USAID as to whether the activity would be consistent with the limitation set forth above, the grantee must notify the Agreement Officer and provide a detailed description of the proposed activity. The grantee must not proceed with the activity until advised by USAID that it may do so.
- c. The grantee must ensure that its employees and any sub-recipients or contractors providing investment promotion services under this grant are made aware of the restrictions set forth in this clause and must include this clause in all contracts and other sub-agreements.

10. PAYMENT (LETTER OF CREDIT) (DEC 2003)

(This provision is applicable when a Letter of Credit is requested by the grantee and approved by USAID's Office of Financial Management.)

- a. Payment under this grant will be by means of a Letter of Credit (LOC) in accordance with the terms and conditions of the LOC and any instructions issued by the USAID Bureau for Management, Office of Financial Management, Cash Management and Payment Division (M/FM/CMP).
- b. As long as the LOC is in effect, the terms and conditions of the LOC and any instructions issued by M/FM/CMP constitute the payment conditions of this grant superseding and taking precedence over any other clause of this grant concerning payment.
- c. The grantee should have written procedures that minimize the time elapsing between the transfer of funds and disbursement by the recipient. The grantee must exercise prudent management of Federal funds by drawing only those funds that are required for current use. The timing and the amount of the drawdown must be as close as is administratively feasible to the actual disbursements by the grantee for direct program or activity costs and the proportionate share of any allowable indirect costs.
- d. If the LOC is revoked, payment may be made on a cost-reimbursement basis, in accordance with paragraph (f) of this clause.

e. Revocation of the LOC is at the discretion of M/FM/CMP after consultation with the Agreement Officer. Notification to the recipient of revocation must be in writing and must specify the reasons for such action.

f. If the LOC is revoked, the grantee must submit to the USAID Controller an original and three copies of SF-1034, Public Voucher for Purchases and Services Other Than Personal, and SF-1034A, Continuation of SF-1034, normally once a month, but in any event no less than quarterly. Each voucher must be identified by the grant number and must state the total costs for which reimbursement is being requested.

11. PROHIBITION OF ASSISTANCE TO DRUG TRAFFICKERS (DEC 2003)

(This provision is applicable when the grant includes at least \$100,000 in covered assistance to a covered country, as described in ADS 206.)

a. The grantee must make such reasonable efforts as are necessary to ensure that no funds or other support under this agreement are diverted in support of drug trafficking. (If there are Covered Participants (see ADS 206.6) specifically identified by USAID, add the following paragraph.)

b. USAID reserves the right to terminate assistance to, or take or take other appropriate measures with respect to, any participant approved by USAID who 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.

(If the grantee will make loans of more than \$1,000, add the following paragraphs.)

c. For any loan over \$1,000 made under this agreement, the recipient must insert a clause in the loan agreement stating that the loan is subject to immediate cancellation, acceleration, recall, or refund to the recipient if the borrower or a key individual of a borrower 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.

d. Upon notice by USAID of a determination under section (c) and at USAID's option, the recipient agrees to immediately cancel, accelerate, or recall the loan, including refund in full of the outstanding balance. USAID reserves the right to have the loan refund returned to USAID.

(If there is a subrecipient designated by USAID, add the following paragraphs, modified to fit the category of subrecipient, e.g., if the designated subrecipient is a U.S. NGO, review is not required and subparagraph (1) can be deleted.)

e. The recipient agrees not to disburse, or sign documents committing the recipient to disburse, funds to a subrecipient designated by USAID ("designated subrecipient") until advised by USAID that (1) any United States Government review of the designated subrecipient and its key individuals has been completed; (2) any related certifications have been obtained; and (3) the assistance to the designated subrecipient has been approved.

f. The recipient must insert the following clause, or its substance, in its agreement with the designated subrecipient:

" (Name of recipient) reserves the right to terminate this agreement or take other appropriate measures if (the subrecipient) or a key individual of (the subrecipient) is found to have been convicted of a narcotic offense or to have been engaged in drug trafficking as defined in 22 CFR Part 140."

12. TERRORIST FINANCING CLAUSE (FEBRUARY 2002)

(For grants to all PIOs other than the UN or UN Agencies, the following provision is required.)

The grantee is reminded that U.S. Executive Orders and U.S. law prohibit transactions with, and the provision of resources and support to, individuals and organizations associated with terrorism. It is the responsibility of the grantee to ensure compliance with these Executive Orders and laws. This provision must be included in all contracts or subagreements issued under this grant.

13. PUBLICATIONS AND MEDIA RELEASES (DEC 2003)

(This provision is applicable when publications are financed under the grant.)

a. If the grantee intends to identify USAID's contribution to any publication, video or other information/media product resulting from this grant, the product must state that the views expressed by the author(s) do not necessarily reflect those of USAID. Acknowledgements must identify the sponsoring USAID Office and Bureau or Mission and the U.S. Agency for International Development substantially as follows.

"This [publication, video, or other information/media product (specify)] was made possible through support provided by the Office of _____, Bureau for _____, U.S. Agency for International Development, under the terms of Grant No. _____. The opinions expressed in this [publication, video, or other information/media product] are those of the author(s) and do not necessarily reflect the views of the U.S. Agency for International Development."

b. The grantee must provide the relevant strategic objective or results package team with one copy of all published works developed under this grant and with lists of other written work produced under the grant.

c. Except as otherwise provided in the terms and conditions of the grant, the author or the recipient is free to copyright any books, publications, or other copyrightable materials developed in the course of or under this grant, 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 U.S. Government purposes.

14. REPORTING OF FOREIGN TAXES (September 2003)

(This provision is applicable to all USAID agreements that obligate or subobligate FY 2003 or later funds except for agreements funded with Operating Expense, Pub. L. 480 funds, or trust funds, or agreements where there will be no commodity transactions in a foreign country over the amount of \$500.)

a. Final and Interim Reports. The recipient must annually submit two reports:

- (1) an interim report by November 17; and
- (2) a final report by April 16 of the next year.

b. Contents of Report. The reports must contain:

- (1) Contractor/recipient name.
- (2) Contact name with phone, fax and email.

- (3) Agreement number(s).
 - (4) 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.
 - (5) Only foreign taxes assessed by the foreign government in the country receiving U.S. assistance are 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).
 - (6) 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.
 - (7) The final report is an updated cumulative report of the interim report.
 - (8) Reports are required even if the recipient did not pay any taxes during the report period.
 - (9) Cumulative reports may be provided if the recipient is implementing more than one program in a foreign country.
- c. Definitions. For purposes of this clause:
- (1) "Agreement" includes USAID direct and country contracts, grants, cooperative agreements and interagency agreements.
 - (2) "Commodity" means any material, article, supply, goods, or equipment.
 - (3) "Foreign government" includes any foreign governmental entity.
 - (4) "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: [insert address and point of contact at the Embassy, Mission or FM/CMP as appropriate. see b. below] [optional with a copy to]
- e. Subagreements. The recipient must include this reporting requirement in all applicable subcontracts, subgrants and other subagreements.
- f. For further information see <http://www.state.gov/m/rm/c10443.htm>.