USAID Grant Agreement No. 442-DOAG-0201

DEVELOPMENT OBJECTIVE GRANT AGREEMENT

BETWEEN

THE UNITED STATES OF AMERICA

AND

THE KINGDOM OF CAMBODIA

FOR

PUBLIC HEALTH AND EDUCATION

Dated: March 30, 2016

Development Objective Grant

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DEVELOPMENT OBJECTIVE GRANT AGREEMENT

Between

The United States of America, acting through the United States Agency for International Development ("USAID")

and

The Kingdom of Cambodia, acting through the Council for the Development of Cambodia (CDC) (hereinafter referred to as the "Grantee")

Article 1: Purpose.

The purpose of this Development Objective Grant Agreement ("Agreement") is to set out the understanding of the parties named above (the "Parties") regarding the achievement of the jointly agreed-upon Development Objective described below.

Article 2: Development Objective and Programmatic Details.

Section 2.1. Development Objective. The Development Objective ("Objective") of this Agreement is to improve the health and educational status of vulnerable populations in Cambodia. In order to achieve the Objective, the Parties agree to work together to achieve the results described in the Annexes 1 and 2, Amplified Descriptions, attached hereto.

Section 2.2. Programmatic Details. Annexes 1 and 2, Amplified Descriptions, attached hereto, amplify the Objective and results. Within the limits of the definition of the Objective in Section 2.1, Annexes 1 and 2 may be changed by written agreement of the authorized representatives of the Parties without formal amendment of this Agreement.

Article 3: Contributions of the Parties.

Section 3.1. USAID Contribution.

(a) The Grant. To help achieve the Objective set forth in this Agreement, USAID, pursuant to the Foreign Assistance Act of 1961, as amended, hereby grants an amount to the Grantee under the terms of the Agreement not to exceed U.S. twenty four million, twenty four thousand, one hundred twenty one dollars ($24,024,121) (the "Grant").

(b) Total Estimated USAID Contribution. USAID's total estimated contribution under this Agreement to achievement of the Objective will be U.S. eighty seven million, eight hundred fifteen thousand, one hundred thirteen dollars ($87,815,113) which will be provided in increments. Subsequent increments will be subject to the availability of funds to USAID for this purpose and may be provided by USAID upon written notice to the Grantee. The Parties agree that each such incremental contribution provided, if any, shall cumulatively increase the total amount of the Grant set forth in Section 3.1(a) and consequently may

increase the Grantee's contribution, if any, under Section 3.2. The Grantee further agrees to acknowledge by written notice to USAID each such incremental contribution, if any.

(c) Excess Funds. If at any time USAID determines that its contribution under Section 3.1(a) exceeds the amount which reasonably can be committed for achieving the Objective or results during the current or next U.S. fiscal year, USAID may, upon written notice to the Grantee, withdraw the excess amount, thereby reducing the amount of the Grant as set forth in Section 3.1(a). Actions taken pursuant to this subsection will not revise USAID's total estimated contribution set forth in 3.1(b).

Section 3.2. Grantee Contribution.

(a) The Grantee agrees to provide or cause to be provided all in-kind contributions, in addition to those provided by USAID identified in Annexes 1 and 2, required to complete, on or before the Completion Date, all activities necessary to achieve the results described in Annexes 1 and 2, Amplified Descriptions, attached hereto.

(b) The Grantee's in-kind contribution to the shared objectives described in the Amplified Description will equal up to twenty-five percent of the total program costs used to support activities that substantially benefit the Grantee or entail direct and substantial involvement of the Royal Government of Cambodia in the administration, management, or control of the activities hereunder. The dollar equivalent amount of this contribution shall be U.S. seven million, sixty six thousand, one hundred twenty two dollars ($7,066,122). This contribution amount shall be adjusted upon any increase in the amount of the Grant set forth in Section 3.1(a), and the precise amount of such adjustment shall be indicated in an Implementation Letter.

Article 4: Completion Date.

(a) The Completion Date, which is December 31, 2018, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all the activities necessary to achieve the Objective will be completed.

(b) Except as USAID may otherwise agree to in writing, USAID will not issue or approve documentation which would authorize disbursement of the Grant for services performed or goods furnished after the Completion Date.

(c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Implementation Letters, are to be received by USAID no later than nine (9) months following the Completion Date, or such other period as USAID agrees to in writing before or after such period. After such period USAID, at any time or times, may give notice in writing to the Grantee and reduce the amount of the Grant by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Implementation Letters, were not received before the expiration of such period.

Article 5: Conditions Precedent to Disbursement.

Section 5.1. First Disbursement. Prior to the first disbursement under the Grant, or to the issuance by USAID of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to USAID in form and substance satisfactory to USAID:

(a) An opinion of counsel acceptable to USAID that (i) this Agreement has been duly authorized or ratified by, and executed on behalf of the Grantee, and (ii) constitutes a valid and legally binding obligation of the Grantee in accordance with all of its terms, and (iii) all internal actions and approvals necessary to give effect to this Agreement have been obtained by or on behalf of the Grantee; and

(b) A signed statement in the name of the person holding or acting in the office of the Grantee specified in Section 7.2, which designates by name and title of any additional representatives, each of whom may act pursuant to Section 7.2.

Section 5.2. Notification. USAID will promptly notify the Grantee when USAID has determined that a condition precedent has been met.

Section 5.3. Terminal Dates for Conditions Precedent. The terminal date for meeting the conditions specified in Section 5.1 is 120 days from the date of this Agreement or such later date as USAID may agree to in writing before or after the above terminal date. If the conditions precedent in Section 5.1 have not been met by the above terminal date, USAID, at any time, may terminate this Agreement by written notice to the Grantee.

Article 6: Visas, Permits, and Other Approvals or Authorizations.

The Grantee, in conjunction with the appropriate Royal Government of Cambodia ministries and offices and consistent with applicable laws and regulations of the Kingdom of Cambodia, hereby covenants and agrees to issue, renew and/or extend free of charge and in a timely manner all official permits, visas, and any other permissions for the Applicable Persons (as defined below) carrying out activities financed by USAID under this Agreement. For purposes of this provision, Applicable Persons is defined as employees and consultants of any contractors, grantees and other organizations carrying out activities financed by USAID under this agreement except citizens of the Kingdom of Cambodia. Any renewals or extensions of such documents that are required, or become required, in order for such employees, consultants and dependent family members to legally reside in Cambodia and undertake the activities contemplated by and financed under this Agreement shall also be issued free of charge.

Article 7: Miscellaneous.

Section 7.1. Communications. Any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be in writing and will be deemed duly given or sent when delivered to such Party at the following address:

To USAID:

Mail Address: U.S. Embassy, No. 1, Street 96, Phnom Penh

To the Grantee:

Mail Address: Palais du Gouvernement, Sisowath Quay, Wat Phnom, Phnom Penh

All such communications will be in English, unless the Parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of notice.

Section 7.2. Representatives. For all purposes relevant to this Agreement, the Grantee will be represented by the individual holding or acting in the Office of the Council for the Development of Cambodia and USAID will be represented by the individual holding or acting in the Office of the USAID Mission Director. Each Party, by written notice, may designate additional representatives for all purposes other than signing formal amendments to the Agreement. The names and titles of the additional representatives of the Grantee, with specimen signatures, may be provided pursuant to Section 5.1(b) to USAID, which may accept as duly authorized any instrument signed by such additional representatives (or any individuals subsequent holding or acting in the office of such representatives) in accordance with this Section 7.2, until receipt of written notice of revocation of their authority.

Section 7.3. Annexes. The following annexes are attached hereto and form an integral part of this Agreement:

Annex 1, Amplified Description for Health

Annex 2, Amplified Description for Education

Annex 3, Standard Provisions.

Section 7.4. Language of Agreement. This Agreement is prepared in English.

IN WITNESS WHEREOF, the United States of America and the Kingdom of Cambodia, each acting through its duly authorized representatives, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

For the Royal Government of Cambodia

KEAT CHHON
Deputy Prime Minister (Standing)
First Vice Chairman of the Council
for Development of Cambodia

For the Government of the United States of America

REBECCA BLACK
Mission Director
USAID Cambodia

Witnessed on behalf of the U.S. Government

WILLIAM A. HEIDT
U.S. Ambassador Extraordinary
and Plenipotentiary

DOAG Annex 1: Health

Amplified Description

I. Introduction

This annex describes the health activities to be undertaken and the results to be achieved with the funds obligated under this Agreement.

USAID/Cambodia has developed a Country Development Cooperation Strategy (CDCS) 2014-2018.[1] USAID Programs in "Improved Health and Education of Vulnerable Populations" aim to improve the health of Cambodians by strengthening the quality of health care in Cambodia and increasing access to this care. Specifically, programs aim to decrease maternal, infant, and under-five mortality, bring down the rates of stunting and anemia in children and women and reduce the prevalence of HIV/AIDS, tuberculosis (TB) and malaria in Cambodia. Through work identified in this Agreement, USAID expects to advance the Cambodian Ministry of Health's strategic plans as well as Cambodia's National Strategic Development Plan (NSDP) and Cambodia's Development Cooperation and Partnership Strategy.

II. Background

While Cambodia has made substantial progress to improve health outcomes in recent years, it still has among the highest maternal and child mortality rates in the region. Many Cambodian women and children die each year from preventable and treatable causes, including pneumonia, diarrhea and complications in labor. Recent survey results show that approximately one-third of children are stunted from poor nutrition and suffer from high rates of anemia. The Royal Government of Cambodia (RGC) recently launched a Food Security and Nutrition Strategy and has a dedicated coordinating body for nutrition with the role to interface cross-sectorally and across ministries to address the complex causes of malnutrition. Many households, particularly in rural areas, lack adequate access to clean drinking water and sanitation facilities.

Despite tremendous improvements in infectious disease control in recent years, Cambodia ranks among the world's 22[2] high-burden countries for tuberculosis, and HIV prevalence remains high among marginalized populations that face challenges in accessing prevention programs, testing, and treatment. Cambodia is a critical country in the region for diseases that are global threats, such as avian influenza and drug-resistant malaria, and a key country in stopping the potential for future pandemic disease outbreaks.

While the public health system has expanded rapidly in recent years, limited skills of health providers and limited institutional capacity contribute to fragmented and poor service delivery in some areas. Most Cambodians prefer to seek care in the private sector although quality is questionable and private practices are not routinely regulated. Health financing remains problematic as approximately two-thirds of health expenditures are made out-of-pocket by the consumer. Public health funding flows are uneven and difficult to track, resulting in significant geographic variations in the accessibility and quality of services and,

[1] https://www.usaid.gov/sites/default/files/documents/1861/CDCS%20Cambodia%20Public%20Version%20(approved).pdf

[2] 2014 WHO Global TB Report

consequently, of health indicators. Despite the many challenges ahead, the RGC has made notable progress in the past decade and demonstrated significant commitment toward reaching higher goals.

A. Strategic Alignment with Government Strategies

USAID works closely with the RGC and development partners to optimize aid effectiveness. The Royal Government of Cambodia is developing key vision and planning documents in its quest to achieve higher middle-income status by 2030. The United States supports this goal and expects to achieve measureable improvements in health throughout the life of this Agreement. The RGC commits to ensuring a better quality of life for its people, and in building a democratic, rule-based society, with equitable rights and opportunities for the population in economic, political, cultural, and other spheres. The RGC produced a Development Cooperation and Partnerships Strategy (DCPS) to support implementation of the 2014-2018 NSDP, with the objective of strengthening Government ownership and promoting development effectiveness in Cambodia through a wide range of partnerships.

The Ministry of Health's (MOH) Second Health Strategic Plan 2008-2015 (HSP2) aims to enhance sustainable development of the health sector for better health and well-being of all Cambodians, especially the poor, women, and children, thereby contributing to poverty alleviation and socio-economic development. The three main health program building blocks of HSP2 are reducing maternal, newborn and child morbidity and mortality with improved reproductive health; reduce morbidity and mortality of HIV/AIDS, Malaria, TB and other communicable diseases; and reduce the burden of non-communicable diseases and other health problems. The HSP2 seeks to make affordable and quality health care services available to all Cambodians. USAID's programs in health will advance the goals of HSP2.

B. Support of Technical Working Groups

To better align with RGC priorities and improve donor coordination, USAID/Cambodia participates in the following Technical Working Groups (TWGs) related to health:

- Food Security and Nutrition
- Gender
- Health
- HIV/AIDS

As appropriate, USAID will participate in additional TWGs and other aid coordination architecture throughout the life of this Agreement.

III. Funding

USAID investments of approximately $80,830,113 in health programs are planned for the FY 2015-2017 timeframe to achieve the Development Objective. If additional health funds become available, USAID Cambodia will consider expanding program activities. Currently USAID/Cambodia has limited flexibility on the type of health funds received and thus on the type of programming USAID supports in the health sector.

The RGC contribution reflects the Ministry of Health's in-kind contributions to the shared objectives of the program. The contribution will equal up to twenty-five percent of the total program costs used to support activities that substantially benefit the Grantee or entail direct and substantial involvement of the Royal Government of Cambodia in the administration, management, or control of the activities hereunder. The dollar equivalent amount of this contribution shall be U.S. $6,104,455 for FY 2015.

Changes may be made to the financial plan by representatives of the Parties without formal amendment of the Agreement, if such changes do not cause USAID's contribution to exceed the amount specified in Section 3.1 of the Agreement.

The financial plan for this program is set forth in the below table.

Description	Year (FY 2015)	Year (FY 2016)	Year (FY 2017)	Total
Increase Utilization of Quality Maternal and Child and Reproductive Health Services	10,198,941	9,498,965	9,498,965	29,196,871
Strengthen Health Systems and Governance	4,277,723	6,833,382	6,833,382	17,944,487
Improve Infectious Disease Control Programs	3,836,703	11,470,465	11,470,465	26,777,633
Sub-total:	**18,313,367**	**27,802,812**	**27,802,812**	**73,918,991**
Administration Cost:	**2,725,754**	**2,092,684**	**2,092,684**	**6,911,122**
Total Estimated USG Contribution	**21,039,121**	**29,895,496**	**29,895,496**	**80,830,113**
Total Estimated RGC Contribution	**6,104,455**	**9,267,604**	**9,267,604**	**24,639,663**

IV. Results to be Achieved

In order to support the RGC's goal to strive for "a functional and sustainable national health system, producing improved results in sanitation, health, nutrition and well-being of all Cambodian people, particularly the poor and vulnerable, including women and children," USAID activities will contribute to Joint Monitoring Indicators (JMI) such as:

- Proportion of deliveries at health facilities
- Contraceptive Prevalence Rate
- Percent of exclusively breastfeeding until 6 months

Anticipated results under this Development Objective are:

1. Increased utilization of quality maternal and child and reproductive health services;
2. Strengthened health systems and governance; and
3. Improved infectious disease control programs.

Relevant ***illustrative*** indicators include:

- Maternal mortality ratio; neonatal, infant mortality rates;
- Malaria Annual Parasite Incident Rate per 1,000 population;
- Prevalence rate of TB;
- Prevalence rates of HIV among most-at-risk populations;
- The Contraceptive Prevalence Rate;
- Out-of-pocket expenditures on healthcare, including the incidence of catastrophic healthcare expenditures; and
- Percent of children under 5 years of age with moderate/severe stunting in target provinces.

V. Activities

All activities will align with the technical areas detailed below.

A. Increased utilization of quality maternal and child and reproductive health services

Cambodia's focused commitment to reduce maternal deaths has resulted in remarkable progress in recent years as basic, cost-effective interventions, such as AMTSL and Magnesium Sulfate, have successfully reduced maternal mortality. Nonetheless, Cambodia's national maternal mortality rate remains among the highest in the region, requiring sustained focus to close the gap with neighboring countries. Continued promotion of evidence-driven, sustainable interventions drive USAID's strategic approach to improving maternal health in Cambodia.

Infections, pre-term delivery, and asphyxia remain the leading causes of newborn deaths even though many of these causes are readily preventable and treatable with basic measures such as hygienic cord care, thermal control, and early detection of danger signs. While the child mortality rate has improved significantly in Cambodia in recent years, pneumonia and diarrhea remain the top causes of death for children under the age of five, despite the availability of antibiotics and oral rehydration salts/zinc.

Further progress towards addressing the major causes of maternal and child mortality in Cambodia requires additional effort to upgrade health provider capacity and improve access to health commodities, equipment and infrastructure. In health facilities, healthcare providers and outreach workers must be equipped to deliver life-saving interventions at the appropriate time. In the surrounding communities, village-based community health workers must be prepared to increase demand for health services, fostering healthcare-seeking behavior that leads to earlier treatment and improved health outcomes. In addition, improved quality of nutrition counseling and screening provided by volunteer workers and healthcare providers will complement community outreach through the food security sector.

Increased access to health products, including contraceptives and diarrhea treatment commodities, accompanied with improved counseling by pharmacists and other healthcare providers will further improve maternal and child health. USAID will seek to facilitate contributions from the private sector, both commercial and not-for-profit, as well as strengthen the capacity of local non-governmental organization to ensure long-term sustainability remains a cornerstone of the maternal and child health program strategy.

Increased community participation, coordination and leadership in the health sector will support elected officials, health care providers, community leaders, patients, and volunteer health workers to work together to ensure the health sector is accountable to local needs. Specific efforts will identify opportunities to advance women's leadership among the various community officials. Specific gender-equity issues within the healthcare system will be highlighted for policy and program action, such as prevention and response to gender-based violence (particularly violence against women). Objective tools, such as client satisfaction surveys and community health scorecards, will be utilized to incorporate community feedback and be used to advocate for, and measure, improvement in the quality of services. The application of these tools in the agreed targeted areas should be jointly undertaken with the relevant commune council and local service delivery counterparts. Community monitoring of maternal and child health services will also be explored, including prevention of and response to, gender-based violence. This will improve citizen education on client and provider rights and strengthen policies to increase accountability among health centers, providers, communities, and elected leaders.

Maternal, child and reproductive health activities to receive FY 2015 USAID funds under the Agreement include:

Activity Name	**Description**	**Implementing Partner**
Empowering Communities for Health (ECH) Project - *Estimated FY2015 funding $1,998,941*	Will assist communities to strengthen coordination and improve linkages between communities, health-care providers, and local governments. ECH will develop tools and approaches to strengthen communities' engagement and participation in community health programs; assist local governments to be more responsive and accountable in addressing community health needs, including using commune funds to improve health services; and assist health facilities with their planning and management capabilities.	Reproductive and Child Health Alliance
Quality Health Services (QHS) Project - *Estimated FY2015 funding $3,650,000*	Will improve the services in public-sector clinics and hospitals to improve maternal, neonatal and child healthcare in nine focus provinces. The QHS project will provide on-site coaching to health providers on newborn care and emergency obstetric care (including prevention and treatment of post-partum hemorrhage, pre-eclampsia and eclampsia). QHS will improve skills of health providers to screen and treat severe acute malnutrition according to national standards. QHS will also train health-care providers to identify and treat nutrition-related issues, pediatric TB and improve infection control in public-sector facilities.	University Research Co., LLC (URC)
NOURISH - *Estimated FY2015 funding*	Will address key causal factors of chronic malnutrition in Cambodia including poverty, lack of access to quality nutrition services, poor	Save the Children

$2,750,000	sanitation, and behaviors that work against optimal growth and development. NOURISH will promote access to products and services that improve nutrition. Interventions include behavioral change communications in health; food demonstrations; nutrition-sensitive agriculture activities; community-led vouchers for the purchase of water, sanitation and hygiene related hardware; and private sector engagement to advance the supply of sanitation and nutrient rich products. NOURISH will also provide conditional cash transfers and vouchers to marginalized, especially female-headed households, to ensure that they have access to these services and products. This activity is also reflected in our food security and environment agreement as it will be jointly funded from both sectors. The activity will be coordinated with the MOH and the Council for Agriculture and Rural Development.	
Worker Health Coalition *Estimated FY2015 funding $1,800,000*	Will improve the health outcomes of garment factory workers in Cambodia by focusing on four main components: 1) improving demand and supply of quality-assured health services for garment factory workers; 2) assisting to establish a supportive policy framework to promote better health among factory workers; 3) improve worker-management relations in factories to ensure provision of health services; and 4) apply an "implementation science" approach to ensure a strong research agenda underpinning all aspects of the project. This activity will be coordinated with both the MOH and the Ministry of Labor as well as the International Labor Organization.	Marie Stopes International, Meridian Group Population Council

B. Strengthen health systems and governance

A strong healthcare delivery system is both competent in delivering services and accountable for delivering the kind that people need and want. Cambodia's health sector is challenged by a lack of provider skills, a mismatch in distribution of staff relative to population needs, low salaries, limited governance and management systems, very limited public financial resources, and high patient out-of-pocket spending on health services.[3] These factors result in Cambodia's current quality and accessibility of public health services. USAID will provide technical assistance to identify, prioritize and address these key healthcare delivery challenges.

Health equity funds play an instrumental role in supporting access to healthcare for the poor, and are scheduled for scale up by the Royal Government of Cambodia and its

[3] Health, Nutrition, and Population in Cambodia: Country Overview. World Bank.

development partners. Given USAID's past role in the design and launch of health equity funds, USAID will continue to shape the implementation of a comprehensive and sustainable system for social health protection that ensures coverage for the poor and vulnerable. USAID support is informed by recent assessments recommending that resolving human resource gaps should be the cornerstone of our health system improvement efforts.[4] USAID support will ensure that health providers, such as midwives, attain life-saving skills and practices through a continuum of training, coaching, and mentoring activities. Strengthening the legal framework and capacity of Cambodia's professional councils will establish a sustainable system in country with the ability to regulate, improve, and ensure quality healthcare in the public and private sectors. USAID will support targeted technical assistance through NGOs to public and private healthcare providers.

In addition to building human resource capacity, USAID will support other emerging priorities in the health sector, such as the increased role of community-level and private sector service provision and a comprehensive health sector approach to the prevention and response of gender- based violence. An improved health management information system that incorporates both public and private sector service delivery will provide data to be used by health managers, policy makers, and elected officials to make informed policy and resource allocation decisions based on evidence. To increase accountability for delivery of quality health services, local leaders will use data to understand their constituents' health needs, advocate for greater resources, and hold healthcare providers accountable for the delivery of responsive, quality services. USAID technical assistance will complement resources provided by the Global Fund, the Royal Government of Cambodia, and other donors working in the health sector.

Health System Strengthening activities to receive FY 2015 USAID funds under the Agreement include:

Activity Name	**Description**	**Implementing Partner**
Social Health Protection (SHP) Project - *Estimated FY2015 funding $2,000,000*	Will provide technical assistance to the Ministry of Health to increase nationwide coverage of the Health Equity Fund. Activities will support efforts to monitor the implementation of the HEF, link reimbursements to improved quality of health services, include civil society and communities in oversight of the enrollment process to ensure transparency, and revise the package of health services provided to the poor to include priority services.	University Research Co., LLC (URC)
Health Information, Policy & Advocacy (HIPA) Project - *Estimated FY2015 funding $457,723*	Will provide technical assistance to improve the quality and use of population and health data reported in the Royal Government of Cambodia's health information system and vital statistics registration database.	Palladium
Health Financing (various) – *Estimated FY2015 funding*	A variety of technical assistance activities will support the following: Ministry of Health and Provincial Health Departments to develop more	To be determined (TBD)

[4] Mid-Term Review of the Government of Cambodia's Health Strategic Plan 2, 2008-2015.

$1,000,000	accurate program budgets and generate greater efficiencies; MOH and relevant partner ministries to develop a social services scheme including health insurance; The body of knowledge on options to increase domestic resources and improve efficiencies of domestic resource allocation and utilization.	
Supply Chain Technical Assistance – *Estimated FY2015 funding $620,000*	This project will strengthen the Royal Government of Cambodia's capacity to forecast and quantify demand for medical goods. This project will also provide technical assistance to improve the MOH's logistics information system.	TBD
Capacity Building of Cambodia's Local Organizations Program *Estimated FY2015 funding $200,000*	The Capacity Building of Cambodia's Local Organizations program will directly support local Cambodian organizations. The program will support the development of new partnerships with local organizations and strengthen the skills of existing partners across all technical sectors. The program will help local organizations improve their financial management and human resource systems, develop strategic and operational plans, and strengthen their monitoring and evaluation systems. This program will also support USAID in implementing risk-mitigation procedures through pre-award assessments of potential local organizations and financial reviews of current partners.	IESC

C. Improve infectious disease control programs

USAID support will strengthen the capacity of infectious disease control programs to reach vulnerable groups by improving their efficiency and quality while expanding targeted prevention activities; improving detection and diagnostic capacity; strengthening care and treatment services; and, improving surveillance and response capacity for infectious diseases and pandemic threats. Though HIV/AIDS prevalence within Cambodia's general population has declined in recent years, high-risk behaviors threaten this progress. Cambodia's HIV/AIDS epidemic is currently concentrated among high-risk groups, including commercial sex workers, injecting drug users, and men who have sex with men.[5] USAID programs will strengthen the ability of the Royal Government of Cambodia to take on the full responsibility for the provision of HIV services. Support will develop and advocate for more cost-effective approaches that the Royal Government of Cambodia is able to sustain in the long term, at the same time, strengthening the broader health system, particularly in quality service delivery, health information, and financing. Civil society, who are better able to reach highly stigmatized, high risk groups, together with the RGC will prevent new infections and protect those living with HIV/AIDS by ensuring they receive comprehensive care and treatment.

[5] HIV/AIDS Country Profile, USAID. December, 2010.

Morbidity and illness as a result of Cambodia's high TB prevalence negatively affects the nation's productivity and overall health status. Interventions will focus on populations more susceptible to TB (e.g., the elderly, prisoners, children, and the poor), to improve early detection of TB and ensure patients complete the full course of treatment through public and private providers.[6]

USAID support will control malaria in areas of emerging anti-malaria drug resistance and reduce malaria transmission especially among high risk populations such as mobile or migrant workers. USAID will provide technical assistance to the MOH's National Malaria Control Program (CNM) to ensure proper treatment and effective drug efficacy for malaria treatment. Since malaria elimination demands multinational partners, engagement of all malaria stakeholders in the country is very important, especially the national government – The RGC will take the lead and ownership of its efforts to control and completely eliminate malaria nationwide by 2025.

USAID Cambodia will also support key technical organizations to predict, prevent, identify, and respond to avian influenza and pandemic threats of infectious disease.

Infectious Disease activities to receive FY 2015 USAID funds under the Agreement include:

Activity Name	**Description**	**Implementing Partner**
Challenge TB Project – *Estimated FY2015 funding $300,000*	Will work with Cambodia's National TB Program (NTP) to increase TB case detection and improve the quality of TB treatment. Will develop and demonstrate integrated approaches for TB control, including community-directly observed therapy (C-DOTS) targeting specific high-risk populations such as children and the elderly. Challenge TB will also improve multiple-symptom TB screening in large hospitals; standardize screening, diagnosis, and treatment of TB, TB/HIV, and multi-drug resistant (MDR)-TB; and develop an urban DOTS model to improve case detection in urban areas. Challenge TB will also provide technical assistance to improve TB laboratory services needed to ensure timely TB and MDR-TB diagnosis. Challenge TB will work with C-DOTS volunteers, healthcare workers and NTP managers to improve diagnosis of MDR-TB and ensure close follow-up of drug-resistant patients.	Koninklijke Nederlandse Chemische Vereniging (KNCV)/FHI360
Cambodia Malaria Elimination Project – *Estimated FY2015 funding $1,374,334*	Will advance the efforts of CNM to develop a package of interventions for elimination malaria while strengthening malaria prevention and control in other drug resistant areas of Cambodia. This project will conduct behavior-change communication campaigns to increase awareness about malaria prevention and will distribute approximately insecticide-treated bed nets, particularly among mobile and migrant workers and other vulnerable populations. The project will also	TBD

[6] Joint Review of the National TB Program, August 2012.

	improve management of drug resistant malaria cases to improve treatment outcomes and reduce malaria transmission. The project will also strengthen CNM's malaria surveillance system and build their capacity to manage the national malaria elimination strategy. These combined efforts will reduce Cambodia's malaria burden, including malaria-related deaths, as well as move Cambodia towards elimination of malaria.	
World Health Organization Consolidated Grant (WHO) – *Estimated FY2015 funding $270,000*	Will support CNM to monitor the emergence of drug resistant malaria in Cambodia. Will provide technical assistance in the implementation of therapeutic efficacy studies of anti-malarial medicines in five sentinel sites in Cambodia; revise and update national malaria treatment guidelines; support CNM in analyzing malaria data and success rates; and advocate for policy development and change in response to real-time drug-resistance data. The project will also generate the data and critical strategic information required by the Royal Government of Cambodia for its malaria treatment efforts and strategy.	World Health Organization
HIV Flagship Project - *Estimated FY2015 funding $1,629,747*	Will develop technical innovations to enhance impacts and reduce costs of quality targeted HIV prevention for Most-At-Risk-Populations. Will improve the quality and integration of HIV care and treatment services and increase the use of strategic information including surveillance, monitoring, evaluation and data utilization. The project will also promote local technical leadership and capacity building to strengthen the quality and impact of prevention, care and treatment services.	Khmer HIV/AIDS NGO Alliance (KHANA)
HIV Innovate and Evaluate *Estimated FY2015 funding $262,622*	Will build local, individual, organizational and systems capacity to use data to properly identify people to receive targeted interventions, ascertain the right package of services to address their needs, and utilize cost efficient methods to deliver services in the context of declining resources. Will identify critical knowledge gaps in HIV and conduct formative research, operations research, and evaluations specifically linked to and based on activities conducted by USAID/Cambodia's HIV/AIDS Flagship Project and other HIV implementers. The project will evaluate the impact, including the cost-effectiveness, of innovative approaches to HIV prevention, treatment and care and support. The project will also promote the use of data for decision making to direct policy development, and make resource allocation decisions as well as to measure the performance of the national HIV program. Will carry out evaluations and studies to improve the effectiveness of HIV interventions for	University Research Co., LLC (URC)

	the most-at-risk populations.	

D. Additional Support

This Amplified Description may be changed upon written consent between MOH and USAID to, among other things, add additional activities without formal amendment of this Agreement, provided that such changes are within the limits of the definition of the Objective in Section 2.1.

Additional activities may include small, short-term activities such as epidemic control or disease response.

VI. Program management

All activities will be designed in coordination with the relevant RGC counterparts and with appropriate consultations with stakeholders. Program design will include a provision for a management structure, chaired by MOH or co-chaired by MOH and USAID that will, inter alia, endorse an annual work plan and budget and monitoring of the program activities.

VII. Roles and Responsibilities of the Parties

A. Ministry of Health

MOH will serve as the RGC lead partner for USAID in the implementation of this Agreement, including, but not limited to the inter-ministerial and inter-departmental coordination, provision of competent technical staff and provision of workplace for the staff. Consistent with the Laws of the Kingdom of Cambodia and the policies and procedures of the Royal Government of Cambodia, MOH will:

1. Facilitate the official approval at all levels necessary within the RGC for implementing program activities.
2. Facilitate the necessary documentation, if required, for USAID implementing partners to carry out the work described herein.
3. Coordinate communications with the appropriate RGC authorities that the activities of USAID implementing organizations should receive support to carry out the work described herein.
4. Oversee program activities and participate in the site visits from time to time.
5. Participate in the monitoring and evaluation of the projects.
6. Facilitate the official permits, visas, and any other permissions described in Article 6 of the Agreement.
7. Facilitate the exemptions described in Section B.4 of Annex 3.
8. Undertake other activities as required by the program.

B. United States Agency for International Development (USAID)

In achieving results of this Agreement, USAID will:

1. Provide, through USAID implementing organizations, appropriate technical assistance to implement the program.

2. Contribute towards the achievement of the HSP2.
3. Share consolidated reports on program activities to the MOH as appropriate and that other relevant documents and information produced by the program be provided to the MOH on a timely basis.
4. Consult with the MOH and other relevant RGC entities at regular, mutually agreed upon intervals, or at the request of the RGC, on progress towards the achievement of the: a) program's objective; b) performance of obligations under this Agreement; and c) performance of USAID implementing organizations, and other matters related to this Agreement.
5. Participate and contribute to the health related TWGs and their sub-TWGs and all other TWGs as appropriate.

VII. Monitoring and Evaluation

Routine monitoring will focus largely at the implementing mechanism level and track required indicators. USAID's implementing partners will use their own monitoring and evaluation systems to regularly collect data against these indicators. Given that there are multiple implementing mechanisms under this Agreement, USAID will ensure that all are working to achieve the complementary objectives and contribute to both technical areas and the RGC's Joint Monitoring Indicators. Indicators, baselines and targets should, as far as possible, be drawn directly from RGC's own results frameworks and policy objectives.

VII. 1994 Framework Bilateral

All assistance provided under this Agreement by USAID and its implementing organizations shall be entitled to all diplomatic, tax, and other privileges and benefits set forth in the Economic, Technical and Related Assistance Agreement between the Government of the Kingdom of Cambodia and the Government of the United States of America dated October 25, 1994.

DOAG Annex 2: Education
Amplified Description

I. Introduction

This annex describes the education activities to be undertaken and the results to be achieved with the funds obligated under this Agreement.

USAID/Cambodia has developed a Country Development Cooperation Strategy (CDCS) 2014-2018[1] Programs under USAID's Development Objective 2 of this strategy (Improved Health and Education of Vulnerable Populations) aim to support the Royal Government of Cambodia (RGC) goals to improve reading comprehension among children and lower school dropout rates. Ultimately, USAID hopes to help Cambodians attain increased readiness to enter the work force.

II. Background

Cambodia's education system has improved substantially in the last decade. The Ministry of Education, Youth and Sport (MOEYS) has been successful in increasing net enrolment in basic education to 98.2 percent in the 2013-14 school year and worked to build nearly 1,000 new schools in the last ten years. Additionally, in 2010-2014, the Royal Government of Cambodia revised the national curriculum and corresponding student learning materials with the goal to improve learning. Other achievements include declines in grade repetition and student dropout rates. Building upon these successes, the Royal Government of Cambodia seeks to improve the quality of education.

Literacy is a core indicator of education quality, as the ability to read and understand text are some of the most fundamental skills a child learns. The World Bank's Early Grade Assessment in 2010 revealed that one-third of Cambodian children could not read, and nearly half (46.6 percent) of those who could read did not understand what they had read. This is especially concerning since research has shown that students who do not learn to read in the early grades are more likely to fall behind in studies, repeat grades, and eventually drop out of school. In recognition of the relationship between quality of education and literacy rates, the MOEYS has made it a national priority to improve the quality of education to improve literacy rates.

A. Strategic Alignment with Government Strategies

The Royal Government of Cambodia seeks to achieve higher middle-income status by 2030. To support the Cambodian government's efforts toward this goal, USAID plans to assist Cambodia to achieve measureable improvements in education. The RGC has developed an overarching policy framework to support these efforts. The RGC commits to ensuring a better quality of life for its people, and in building a democratic, rule-based society, with equitable rights and opportunities for the population in economic, political, cultural and other spheres. The Royal Government of Cambodia produced a Development Cooperation and Partnerships Strategy (DCPS) to support implementation of the 2014-2018 NSDP, with the objective of promoting development effectiveness in Cambodia through a wide range of partnerships.

[1] https://www.usaid.gov/sites/default/files/documents/1861/CDCS%20Cambodia%20Public%20Version%20(approved).pdf

In support of the NSDP and DCPS, the MOEYS also developed its own development plan, Education Strategic Plan for 2014-18, (ESP 2014-18). The ESP 2014-18 aims to improve three areas: 1). Ensuring equitable access to education services; 2). Enhancing the quality and relevance of learning; and 3) Ensuring effective leadership and management of education staff at all levels.. This ESP 2014-18 with ten core breakthrough indicators ambitiously aims to achieve numerous goals including placing 80% of five-year old children in early childcare education, achieving a 97% adult literacy rate, and liquidating 95% of the program budget by 2018. USAID's programs in education will help advance the goals of the ESP wherever possible.

B. Support of Technical Working Groups

In support of coordination with the RGC and other donors on education issues, USAID/Cambodia participates in the following Technical Working Groups (TWGs) related to education:

- Technical Working Group on Education
- Education Sector Working Group

As appropriate, USAID will participate in additional TWGs and other aid coordination architecture throughout the life of this DOAG.

III. Funding

USAID investments of approximately $6,985,000 in new basic education funds are planned for the 2015-2017 timeframe to achieve this Development Objective. If additional education funds become available, USAID Cambodia will consider expanding program activities. Currently, education fund earmarks for USAID Cambodia limit support to early grade reading only.

The RGC contribution reflects the MOEYS's in-kind contributions to the shared objectives of the program. The contribution will equal up to twenty-five percent of the total program costs used to support activities that substantially benefit the Grantee or entail direct and substantial involvement of the Royal Government of Cambodia in the administration, management, or control of the activities hereunder. The dollar equivalent amount of this contribution shall be U.S. $961,667 for FY 2015.

Changes may be made to the financial plan by representatives of the Parties without formal amendment of the Agreement if such changes do not cause USAID's contribution to exceed the amount specified in Section 3.1 of the Agreement.

The financial plan for this program is set forth in the below table.

Description	Year (FY15)	Year (FY16)	Year (FY17)	Total
Education	2,885,000	1,860,000	1,860,000	6,605,000
Sub-total:	**2,885,000**	**1,860,000**	**1,860,000**	**6,605,000**

Administration Cost:	**100,000**	**140,000**	**140,000**	**380,000**
Total Estimated USG Contribution	**2,985,000**	**2,000,000**	**2,000,000**	**6,985,000**
Total Estimated RGC Contribution	**961,667**	**620,000**	**620,000**	**2,201,667**

IV. Results to be Achieved

In order to support the RGC's goal in basic education, USAID activities will contribute to Joint Monitoring Indicators (JMI) such as:

- Completion rate of students in primary education increased.
- Improved use of textbooks for both students and teachers at primary schools; and
- Improved reading skills in early grades.

Relevant illustrative indicators are:

- Proportion of students who, by the end of two years of primary schooling demonstrate that they can read and understand the meaning of grade level text;
- Percent change in early grade reading assessment scores;
- Number of learners receiving reading interventions at the early grade level;
- Number of teachers receiving USG assistance to implement effective instructional practices;
- Number of parents or caregivers who report reading to their children or listening to their children read to them daily; and
- Number of teaching and learning materials, policies revised or developed and distributed.

V. Activities

All activities will align with the following technical area:

A. Improved literacy skills of children

Although Cambodia's literacy rate is high, reading comprehension is low as a result of poor quality teaching instruction and schools. Reading achievement scores on a national test revealed that 54 percent of children tested were not able to demonstrate the expected reading skills at grade 1. USAID programs will enhance the quality of Cambodia's reading programs by improving teacher training, teaching tools, and curricula. Specific activities are currently being designed in consultation with the MOEYS.

B. Additional Support

This Amplified Description may be changed upon written consent between MOEYS and USAID to, among other things, add additional activities without formal amendment of this Agreement, provided that such changes are within the limits of the definition of the Objective in Section 2.1.

VI. Program Management

All activities will be designed in coordination with the relevant RGC counterparts and with appropriate consultations with stakeholders. Program design will include a provision for a management structure, chaired by MoEYS or co-chaired by MoEYS and USAID that will, inter alia, endorse an annual work plan and budget and monitoring of the program activities.

VII. Roles and Responsibilities of the Parties

A. Ministry of Education, Youth and Sports

MOEYS serves as the RGC lead partner in the implementation of the Agreement, including, but not limited to the inter-ministerial and inter-departmental coordination, provision of competent technical staff and provision of workplace for the staff. Consistent with the Laws of the Kingdom of Cambodia and the policies and procedures of the Royal Government of Cambodia, MOEYS will:

1. Facilitate the official approval at all levels necessary within the RGC for implementing program activities.
2. Facilitate the necessary documentation, if required, for USAID implementing partners to carry out the work described herein.
3. Coordinate communications with the appropriate RGC authorities that the activities of USAID implementing organizations should receive support to carry out the work described herein.
4. Oversee program activities and participate in the site visits from time to time.
5. Participate in the monitoring and evaluation of the projects.
6. Facilitate the official permits, visas, and any other permissions described in Article 6 of the Agreement.
7. Facilitate the exemptions described in Section B.4 of Annex 3.
8. Undertake other activities as required by the program.

B. The U.S. Agency for International Development (USAID): In achieving this Development Objective and results of this Agreement, USAID will:

1. Provide, through USAID implementing organizations, appropriate technical assistance to implement the program;
2. Contribute towards the achievement of the National Education Strategic Plan;
3. Ensure that USAID implementing organizations provide reports on program activities to the MOEYS as appropriate and that other relevant documents and information produced by the program be provided to the MOEYS on a timely basis;
4. Consult with the MOEYS at regular, mutually agreed upon intervals, or at the request of the MOEYS, on progress towards the achievement of the: a) program's objective; b) performance of obligations under this Agreement; and

c) performance of USAID implementing organizations, and other matters related to this Agreement; and

5. Participate and contribute to the education Technical Working Group and its sub-Technical Working Groups and all other TWGs as appropriate.

VIII. Monitoring and Evaluation

Routine monitoring will focus largely at the implementing mechanism level and track required basic education indicators. USAID's implementing partners will use their own monitoring and evaluation systems to regularly collect data against these indicators. Should there be multiple implementing mechanisms under this Development Objective, USAID will ensure that all are working to achieve the complementary objectives and contribute to both USAID's Intermediate Results and the RGC's Joint Monitoring Indicators. Indicators, baselines and targets should, as far as possible, be drawn directly from RGC's own results frameworks and policy objectives.

X. 1994 Framework Bilateral

All assistance provided under this Agreement by USAID and its implementing organizations shall be entitled to all diplomatic, tax and other privileges and benefits set forth in the Economic, Technical and Related Assistance Agreement between the Government of the Kingdom of Cambodia and the Government of the United States of America dated October 25, 1994.

Annex 3
Standard Provisions

Table of Contents

Standard Provisions

Article A: Definitions and Implementation Letters.

Section A.1. Definitions. As used in this Annex, the "Agreement" refers to the Development Objective Grant Agreement to which this Annex is attached and of which this Annex forms a part. Terms used in this Annex have the same meaning or reference as in the Agreement.

Section A.2. Implementation Letters. To assist the Grantee in the implementation of the Agreement, USAID, from time to time, will issue Implementation Letters that will furnish additional information about matters stated in this Agreement. The Parties may also issue jointly agreed-upon Implementation Letters to confirm and record their mutual understanding on aspects of the implementation of this Agreement. Implementation Letters can also be issued to record revisions or exceptions which are permitted by the Agreement.

Article B: General Covenants.

Section B.1. Consultation. The Parties will cooperate to assure that the Objective and results of this Agreement will be accomplished. To this end, the Parties, at the request of either, will exchange views on progress towards the Objective and results, the performance of obligations under this Agreement, the performance of any consultants, contractors, or suppliers engaged under the Agreement, and other matters relating to the Agreement.

Section B.2. Execution of Agreement. The Grantee will:

(a) Carry out the Agreement and the activities required to be undertaken directly (or caused to be undertaken) by the Grantee, or cause the Agreement and such activities to be carried out with due diligence and efficiency, in conformity with sound technical, financial, and management practices, and in conformity with those documents, plans, specifications, contracts, schedules, or other arrangements, and with any modifications therein, approved by USAID pursuant to this Agreement; and

(b) Provide qualified and experienced management for, and train such staff as may be appropriate for the maintenance and operation of activities financed under the Agreement, and, as applicable for continuing activities, cause those activities to be operated and maintained in such manner as to assure the continuing and successful achievement of the Objective and results of the Agreement.

Section B.3. Utilization of Goods and Services. Any goods and services financed under this Agreement, unless otherwise agreed in writing by USAID, will be devoted to the Agreement until the completion or termination of the Agreement, and thereafter (as well as during any period of suspension of the Agreement) will be used to further the Objective of the Agreement and as USAID may direct in Implementation Letters.

Section B.4. Taxation.

(a) General Exemption. The Agreement and the assistance thereunder are free from any taxes imposed under laws in effect in the territory of the Grantee.

(b) Except as provided otherwise in this provision, the General Exemption in subsection (a) applies to, but is not limited to (1) any activity, contract, grant or other implementing agreement financed by USAID under this Agreement; (2) any transaction or supplies, equipment, materials, property or other goods (hereinafter collectively "goods") under (1) above; (3) any contractor, grantee, or other organization carrying out activities financed by USAID under this Agreement; (4) any employee of such organizations; and (5) any individual contractor or grantee carrying out activities financed by USAID under this Agreement.

(c) Except as provided otherwise in this provision, the General Exemption in subsection (a) applies to, but is not limited to, the following taxes:

Exemption 1. Customs duties, tariffs, import taxes, or other levies on the importation, use and re-exportation of goods or the personal belongings and effects (including personally-owned automobiles) for the personal use of non- national individuals or their family members.

Exemption 1 includes, but is not limited to, all charges based on the value of such imported goods, but does not include service charges directly related to services performed to transfer goods or cargo.

Exemption 2. Taxes on the income, profits or property of all (i) non-national organizations of any type, (ii) non-national employees of national and non-national organizations, or (iii) non-national individual contractors and grantees. Exemption 2 includes income and social security taxes of all types and all taxes on the property, personal or real, owned by such non-national organizations or persons. The term "national" refers to organizations established under the laws of the Grantee and citizens of the Grantee, other than permanent resident aliens in the United States.

Exemption 3. Taxes levied on the last transaction for the purchase of goods or services financed by USAID under this Agreement, including sales taxes, value-added taxes (VAT), or taxes on purchases or rentals of real or personal property. The term "last transaction" refers to the last transaction by which the goods or services were purchased for use in the activities financed by USAID under this Agreement.

(d) If a tax has been levied and paid contrary to the provisions of an exemption, USAID may, in its discretion, (1) require the Grantee to refund to USAID or to others as USAID may direct the amount of such tax with funds other than those provided under the Agreement, or (2) offset the amount of such tax from amounts to be disbursed under this or any other agreement between the Parties.

(e) In the event of a disagreement about the application of an exemption, the Parties agree to promptly meet and resolve such matters, guided by the principle that the

assistance furnished by USAID is free from direct taxation, so that all of the assistance furnished by USAID will contribute directly to the economic development of the country of the Grantee.

Section B.5. Reports and Information, Agreement Books and Records, Audits, and Inspections.

(a) Reports and Information. The Grantee shall furnish USAID accounting records and such other information and reports relating to the Agreement as USAID may reasonably request.

(b) Grantee Agreement Books and Records. The Grantee shall maintain accounting books, records, documents and other evidence relating to the Agreement, adequate to show, without limitation, all costs incurred by the Grantee under the Agreement, the receipt and use of goods and services acquired under the Agreement by the Grantee, agreed-upon cost sharing requirements, the nature and extent of solicitations of prospective suppliers of goods and services acquired by the Grantee, the basis of award of Grantee contracts and orders, and the overall progress of the Agreement toward completion ("Agreement books and records"). The Grantee shall maintain Agreement books and records in accordance with generally accepted accounting principles prevailing in the United States, or at the Grantee's option, with approval by USAID, other accounting principles, such as those (1) prescribed by the International Accounting Standards Board (a subsidiary of the International Financial Reporting Standards Foundation) or (2) prevailing in the country of the Grantee. Agreement books and records shall be maintained for at least three years after the date of last disbursement by USAID or for such longer period, if any, required to resolve any litigation, claims or audit findings. For the avoidance of doubt, this Section B.5(b) applies solely to Grant funds expended directly by the Grantee.

(c) Grantee Audit. If $300,000 or more of USAID funds are expended directly by the Grantee in its fiscal year under the Agreement, the Grantee shall have financial audits made of the expenditures in accordance with the following terms, except as the Parties may otherwise agree in writing:

(1) With USAID approval, the Grantee shall use its Supreme Audit Institution or select an independent auditor in accordance with the "Guidelines for Financial Audits Contracted by Foreign Recipients" issued by the USAID Inspector General ("Guidelines"), and the audits shall be performed in accordance with the "Guidelines"; and

(2) The audit shall determine whether the receipt and expenditure of the funds provided under the Agreement are presented in accordance with generally accepted accounting principles agreed to in subsection (b) above and whether the Grantee has complied with the terms of the Agreement. Each audit shall be completed no later than nine months after the close of the Grantee's year under audit.

(d) Sub-recipient Audits. The Grantee, except as the Parties may otherwise agree in writing, must ensure that "covered" sub-recipients, as defined below, are audited, and submit to USAID, no later than the end of the Grantee's year under audit, in form and substance satisfactory to USAID, a plan for the audit of the expenditures of "covered" sub-

recipients, as defined below, that receive funds in connection with a direct contract or agreement entered into directly with the Grantee pursuant to the activities contemplated by this Agreement.

(1) A "covered" sub-recipient is one who expends $300,000 or more in its fiscal year in "USAID awards" (i.e., as contractors or sub-recipients under USAID-financed development objective agreements and other grant agreements with foreign governments).

(2) The plan shall describe the methodology to be used by the Grantee to satisfy its audit responsibilities for covered sub-recipients. The Grantee may satisfy such audit responsibilities by relying on independent audits of the sub-recipients; expanding the scope of the independent financial audit of the Grantee to encompass testing of sub-recipients' accounts; or a combination of these procedures.

(3) The plan shall identify the funds made available to covered sub-recipients that will be covered by audits conducted in accordance with other audit provisions that would satisfy the Grantee's audit responsibilities. (A nonprofit organization organized in the United States is required to arrange for its own audits. A for-profit contractor organized in the United States that has a direct contract with USAID is audited by the cognizant U.S. Government Agency. A private voluntary organization organized outside the United States with a direct grant from USAID is required to arrange for its own audits. A Grantee contractor should be audited by the Grantee's auditing agency.)

(4) The Grantee shall ensure that covered sub-recipients under direct contracts or agreements with the Grantee take appropriate and timely corrective actions; consider whether sub-recipients' audits necessitate adjustment of its own records; and require each such sub-recipient to permit independent auditors to have access to records and financial statements as necessary.

(e) Audit Reports. The Grantee shall furnish or cause to be furnished to USAID an audit report for each audit arranged for by the Grantee in accordance with this Section within 30 days after completion of the audit and no later than nine months after the end of the period under audit.

(f) Other Covered Sub-recipients. For "covered" sub-recipients who receive funds under the Agreement pursuant to direct contracts or agreements with USAID, USAID will include appropriate audit requirements in such contracts or agreements and will, on behalf of the Grantee, conduct the follow-up activities with regard to the audit reports furnished pursuant to such requirements.

(g) Cost of Audits. Subject to USAID approval in writing, allowable, allocable and reasonable costs of audits performed in accordance with the terms of this Section may be charged to the Agreement.

(h) Audit by USAID. USAID retains the right to perform the audits required under this Agreement on behalf of the Grantee by utilizing funds under the Agreement or other resources available to USAID for this purpose, conduct a financial review, or

otherwise ensure accountability of organizations expending USAID funds regardless of the audit requirement.

(i) Opportunity to Audit or Inspect. The Grantee shall afford authorized representatives of USAID the opportunity at all reasonable times to audit or inspect activities financed under the Agreement, the utilization of goods and services financed by USAID, and books, records and other documents relating to the Agreement.

(j) Sub-recipient Books and Records. The Grantee will incorporate paragraphs (a), (b), (d), (e), (g), (h) and (i) of this provision into all sub-agreements with non-U.S. organizations which meet the $300,000 threshold of paragraph (c) of this provision. Sub-agreements with non-U.S. organizations, which do not meet the $300,000 threshold, shall, at a minimum, incorporate paragraphs (h) and (i) of this provision. Sub- agreements with U.S. organizations shall state that the U.S. organization is subject to the audit requirements contained in OMB Circular A-133.

Section B.6. Completeness of Information.

The Parties confirm:

(a) that the facts and circumstances of which it has informed the other Party, or caused the other Party to be informed, in the course of concluding the Agreement, are accurate and complete, and include all facts and circumstances that might materially affect the Agreement and the discharge of responsibilities under the Agreement; and

(b) that it will inform the other Party in a timely fashion of any subsequent facts and circumstances that might materially affect, or that it is reasonable to believe might so affect, the Agreement or the discharge of responsibilities under the Agreement.

Section B.7. Other Payments. The Parties affirm that no payments have been or will be received by any official of the Parties in connection with the procurement of goods or services financed under the Agreement, except fees, taxes, or similar payments legally established in the country of the Grantee.

Section B.8. Information and Marking. The Grantee will give appropriate publicity to the Agreement as a program to which the United States has contributed, identify Agreement activity sites, and mark goods financed by USAID, as described in Implementation Letters.

Article C: Procurement Provisions.

Section C.1. Source and Nationality.

(a) All goods financed under the Agreement shall have their source, and the suppliers of all goods and services financed under the Agreement shall have their nationality, in countries included in Geographic Code 937, except as USAID may otherwise agree in writing and as follows:

(1) Ocean transportation costs shall be financed under the Agreement only on vessels under flag registry of countries included in Code 935. Also see Section C.6 on use of U.S. flag vessels.

(2) Any motor vehicles financed under the Agreement will be of United States manufacture, except as USAID may otherwise agree in writing.

(b) The nationality of ocean and air shipping will be deemed to be the ocean vessel's or aircraft's country of registry at the time of shipment.

(c) Provisions concerning restricted and ineligible goods and services may be provided in an Implementation Letter.

(d) Transportation by air of property or persons financed under this Agreement will be on carriers holding United States certification, to the extent service by such carriers is available under the Fly America Act. This requirement may be further described by USAID in Implementation Letters.

Section C.2. Eligibility Date. No goods or services may be financed under the Agreement which are procured pursuant to orders or contracts firmly placed or entered into prior to the date of this Agreement, except as the Parties may otherwise agree in writing.

Section C.3. Plans, Specifications and Contracts. In order for there to be mutual agreement on the following matters, and except as the Parties may otherwise agree in writing:

(a) The Grantee will furnish to USAID upon preparation:

(1) any plans, specifications, procurement or construction schedules, contracts, or other documentation between the Grantee and third parties, relating to goods or services to be financed under the Agreement, including documentation relating to the prequalification and selection of contractors and to the solicitation of bids and proposals. Material modifications in such documentation will likewise be furnished USAID on preparation; and

(2) such documentation will also be furnished to USAID, upon preparation, relating to any goods or services, which, though not financed under the Agreement, are deemed by USAID to be of major importance to the Agreement. Aspects of the Agreement involving matters under this subsection (a)(2) will be identified in Implementation Letters.

(b) Documents related to the prequalification of contractors, and to the solicitation of bids or proposals for goods and services financed under the Agreement will be approved by USAID in writing prior to their issuance, and their terms will include United States standards and measurements;

(c) Contracts and contractors financed under the Agreement for engineering and other professional services, for construction services, and for such other services, equipment,

or materials as may be specified in Implementation Letters, will be approved by USAID in writing prior to execution of the contract. Material modifications in such contracts will also be approved in writing by USAID prior to execution; and

(d) Consulting firms used by the Grantee for the Agreement but not financed under the Agreement, the scope of their services and such of their personnel assigned to activities financed under the Agreement as USAID may specify, and construction contractors used by the Grantee for the Agreement but not financed under the Agreement, shall be acceptable to USAID.

Section C.4. Reasonable Price. No more than reasonable prices will be paid for any goods or services financed, in whole or in part, under the Agreement. Such items will be procured on a fair and, to the maximum extent practicable, competitive basis.

Section C.5. Notification to Potential Suppliers. To permit all United States firms to have the opportunity to participate in furnishing goods and services to be financed under the Agreement, the Grantee will furnish USAID such information with regard thereto, and at such times, as USAID may request in Implementation Letters.

Section C.6. Transportation and Insurance. In addition to the requirements in Section C.1 (a), costs of ocean or air transportation, including insurance and related delivery services, may not be financed under the Grant without prior USAID approval and will be incurred and obtained in accordance with USAID policies and procedures.

Section C.7. Reserved.

Section C.8. Reserved.

Section C.9. Procurement and Disbursement of Funds. The Grantee agrees that with respect to implementation of activities set forth in Annex 1, funds under the Grant may be contracted or otherwise committed and disbursed directly by USAID to third parties in accordance with USAID's normal regulations and procedures, unless otherwise agreed to by USAID in writing. USAID undertakes to provide periodic reports to the Grantee as to the status of USAID direct contracts and grants to third parties made with funds under the Grant no more frequently than quarterly or as the Parties may otherwise agree in writing.

Article D: Disbursements.

Section D.1. Other Forms of Disbursement. Disbursements that may be made directly by USAID to the Grantee under this Agreement will be made through such means as the Parties may agree to in writing.

Section D.2. Rate of Exchange. If funds provided under the Agreement are introduced into the Partner Country by USAID or any public or private agency for purposes of carrying out obligations of USAID hereunder, the Grantee will make such arrangements as may be necessary so that such funds may be converted into local currency at the highest rate of exchange which, at the time the conversion is made, is not unlawful in the country of the Grantee to any person for any purpose.

Article E: Termination;
Remedies.

Section E.1. Suspension and Termination.

(a) Either Party may terminate this Agreement in its entirety by giving the other Party 30 days' written notice. USAID also may terminate this Agreement in part by giving the Grantee 30 days' written notice, and suspend this Agreement in whole or in part upon giving the Grantee written notice. In addition, USAID may terminate this Agreement in whole or in part, upon giving the Grantee written notice, if (i) the Grantee fails to comply with any provision of this Agreement, (ii) an event occurs that USAID determines makes it improbable that the Objective or Results of the Agreement or the assistance program will be attained or that the Grantee will be able to perform its obligations under this Agreement, or (iii) any disbursement or use of funds in the manner herein contemplated would be in violation of the legislation governing USAID, whether now or hereafter in effect.

(b) Except for payment which the Parties are committed to make pursuant to non- cancellable commitments entered into with third parties prior to such suspension or termination, suspension or termination of this entire Agreement or part thereof will suspend (for the period of the suspension) or terminate, as applicable, any obligation of the Parties to provide financial or other resources to the Agreement, or to the suspended or terminated portion of the Agreement, as applicable. Any portion of this Agreement which is not suspended or terminated shall remain in full force and effect.

(c) In addition, upon such full or partial suspension or termination, USAID may, at USAID's expense, direct that title to goods financed under the Agreement, or under the applicable portion of the Agreement, be transferred to USAID if the goods are in a deliverable state.

Section E.2. Refunds.

(a) In the case of any disbursement which is not supported by valid documentation in accordance with this Agreement, or which is not made or used in accordance with this Agreement, or which was for goods or services not used in accordance with this Agreement, USAID, notwithstanding the availability or exercise of any other remedies under this Agreement, may require the Grantee to refund the amount of such disbursement in U.S. Dollars to USAID within sixty (60) days after receipt of a request therefor.

(b) If the failure of Grantee to comply with any of its obligations under this Agreement has the result that goods or services financed or supported under the Agreement are not used effectively in accordance with this Agreement, USAID may require the Grantee to refund all or any part of the amount of the disbursements under this Agreement for or in connection with such goods or services in U.S. Dollars to USAID within sixty (60) days after receipt of a request therefor.

(c) The right under subsections (a) or (b) to require a refund of a disbursement

will continue, notwithstanding any other provision of this Agreement, for three years from the date of the last disbursement under this Agreement.

(d) (1) Any refunds under subsections (a) or (b), or (2) any refund to USAID from a contractor, supplier, bank or other third party with respect to goods or services financed under the Agreement, which refund relates to an unreasonable price for or erroneous invoicing of goods or services, or to goods that did not conform to specifications, or to services that were inadequate, will (A) be made available first for the Agreement, to the extent justified, and (B) the remainder, if any, will be subtracted from the amount of the Grant.

(e) Any interest or other earnings on funds disbursed by USAID to the Grantee under this Agreement prior to the authorized use of such funds for the Agreement will be returned to USAID in U.S. Dollars by the Grantee, unless USAID otherwise agrees in writing.

Section E.3. Non-waiver of Remedies. No delay in exercising any right or remedy accruing to a Party in connection with its financing under this Agreement will be construed as a waiver of such right or remedy.

Section E.4. Assignment. The Grantee agrees, upon request, to execute an assignment to USAID of any cause of action which may accrue to the Grantee in connection with or arising out of the contractual performance or breach of performance by a Party to a direct U.S. Dollar contract which USAID financed in whole or in part out of funds granted by USAID under this Agreement.

Article F: Miscellaneous.

Section F.1. Investment Promotion. Except as specifically set forth in the Grant or otherwise authorized by USAID in writing, no funds or other support provided hereunder may be used to provide a financial incentive to a business enterprise currently located in the United States for the purpose of inducing such an enterprise to relocate outside the United States if such incentive or inducement is likely to reduce the number of employees of such business enterprise in the United States because United States production is being replaced by such enterprise outside the United States.

Section F.2. Abortion and Involuntary Sterilization Restrictions.

(a) Funds made available under this Agreement must not be used to pay for the performance of involuntary sterilization as a method of family planning or to coerce or provide any financial incentive to any individual to practice sterilization.

(b) No funds made available under this Agreement will be used to finance, support, or be attributed to the following activities: (i) procurement or distribution of equipment intended to be used for the purpose of inducing abortions as a method of family planning; (ii) special fees or incentives to any person to coerce or motivate them to have abortions; (iii) payments to persons to perform abortions or to solicit persons to undergo abortions; (iv) information, education, training, or communication programs that seek to

promote abortion as a method of family planning; and (v) lobbying for or against abortion. The term "motivate", as it relates to family planning assistance, must not be construed to prohibit the provision, consistent with local law, of information or counseling about all pregnancy options.

(c) No funds made available under this Agreement will be used to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilizations as a means of family planning. Epidemiologic or descriptive research to assess the incidence, extent or consequences of abortions is not precluded.

(d) This provision must be included in all sub-agreements, including contracts and sub-awards, issued under this Agreement.

(e) USAID may issue implementation letters that more fully describe the requirements of this section.

Section F.3. Workers' Rights. Except as specifically set forth in the Grant or otherwise authorized by USAID in writing, no funds or other support provided hereunder may be used for any activity that contributes to the violation of internationally recognized workers' rights in the Partner country.

Section F.4. Terrorist Financing. Consistent with numerous United Nations Security Council resolutions, both USAID and the Partner are firmly committed to the international fight against terrorism, and in particular, against the financing of terrorism. It is the policy of USAID to seek to ensure that none of its funds are used, directly or indirectly, to provide support to individuals or entities associated with terrorism. In accordance with this policy, the Partner agrees to use reasonable efforts to ensure that none of the USAID funds provided under this Agreement are used to provide support to individuals or entities associated with terrorism. USAID may issue Implementation Letters that more fully describe the requirements of this section.