



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

MAR 03 2006

Maria Sillanpaa
Managing Director
Institute of Social & Ethical AccountAbility
137A Shepherdness Walk
London N1 7RQ, UK

Subject: AFP-A-00-06-00015

Dear Ms. Sillanpaa:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the U.S. Agency for International Development (USAID) hereby awards to Institute of Social and Ethical AccountAbility (Keystone Program) (hereinafter referred to as the "Recipient"), the sum of \$200,000.00 to provide support for a program entitled "Innovating Accountability Practices for the 21st Century" as described in the Schedule of this award and in Attachment 2, entitled "Program Description."

This award is effective 02-01-2006 and obligation is made as of the date of this letter and shall apply to expenditures made by the Recipient in furtherance of program objectives during the period beginning with the effective date and ending 01-31-2007. USAID will not be liable for reimbursing the Recipient for any costs in excess of the obligated amount.

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

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

Sincerely yours,

A handwritten signature in black ink, appearing to read "Kathleen Frascella".

Kathleen Frascella
Agreement Officer
M/OAA/DCHA/AFP

Attachments:

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

ACKNOWLEDGED:

A handwritten signature in black ink, appearing to be 'G. S. E.', is written over the 'ACKNOWLEDGED:' text.

BY:

TITLE: Managing Director, AccountAbility

DATE: 06 March 2006

Table of Contents

	Page
SCHEDULE	5
A.1 PURPOSE OF AGREEMENT	5
A.2 PERIOD OF AGREEMENT	5
A.3 AMOUNT OF AWARD AND PAYMENT	5
A.4 BUDGET	5
A.5 REPORTING AND EVALUATION	6
A.6 SUBSTANTIAL INVOLVEMENT	8
A.7 KEY PERSONNEL	9
A.8 TITLE TO PROPERTY	9
A.9 AUTHORIZED GEOGRAPHIC CODE	9
A.10 COST SHARING	9
A.11 EXECUTIVE ORDER TERRORISM FIANANCING (FEB 2002)	9
A.12 USAID DISABILITY POLICY - ASSISTANCE (DEC 2004)	9
 PROGRAM DESCRIPTION	 11
 STANDARD PROVISIONS FOR NON-U.S., NONGOVERNMENTAL RECIPIENTS	 16
C.1 ALLOWABLE COSTS (OCTOBER 1998)	16
C.2 ACCOUNTING, AUDIT, AND RECORDS (OCTOBER 1998)	16
C.3 PAYMENT ADVANCES AND REFUNDS (OCTOBER 1998)	18
C.4 REVISION OF AWARD BUDGET (OCTOBER 1998)	18
C.5 TERMINATION AND SUSPENSION (OCTOBER 1998)	19
C.6 DISPUTES (OCTOBER 1998)	21
C.7 INELIGIBLE COUNTRIES (MAY 1986)	21
C.8 DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS (MARCH 1989)	22
C.9 INVESTMENT PROMOTION (JANUARY 1994)	22
C.10 NONLIABILITY (NOVEMBER 1985)	22
C.11 AMENDMENT (OCTOBER 1998)	22
C.12 NOTICES (OCTOBER 1998)	23
C.13 METRIC SYSTEM OF MEASUREMENT (AUGUST 1992)	23
C.14 PAYMENT - ADVANCE (OCTOBER 1998)	23
C.15 INTERNATIONAL AIR TRAVEL AND TRANSPORTATION (JUNE 1999)	26
C.16 PROCUREMENT OF GOODS AND SERVICES (OCTOBER 1998)	26
C.17 USAID ELIGIBILITY RULES FOR GOODS AND SERVICES (SEPTEMBER 1998)	30
C.18 LOCAL PROCUREMENT (OCTOBER 1998)	34
C.19 PUBLICATIONS AND MEDIA RELEASES (JUNE 1999)	35
C.20 PARTICIPANT TRAINING (OCTOBER 1998)	36
C.21 TITLE TO AND USE OF PROPERTY (RECIPIENT TITLE; OVER \$50,000) (OCTOBER 1998)	37
C.22 COST SHARING (MATCHING) (JAN 2002)	39
C.23 PUBLIC NOTICES (JUNE 1993)	43
C.24 COMMUNICATIONS PRODUCTS (OCTOBER 1994)	43
C.25 REPORTING OF FOREIGN TAXES	44

A. GENERAL

1. Total Estimated USAID Amount: \$200,000.00
2. Total Obligated USAID Amount: \$200,000.00
3. Cost-Sharing Amount (Non-Federal): \$700,694.00
4. Activity Title: Innovating Accountability Practices for the 21st Century
5. USAID Technical Office: DCHA/PVC-ASHA
6. Tax I.D. Number: N/A
7. DUNS No.: 458668191
8. LOC Number: N/A

B. SPECIFIC

Budget Fiscal Year: 2006
Operating Unit: GDA
Strategic Objective: 020002
Team/Division: GDA
Benefiting Geo Area: 997
Object Class: 252910

C. PAYMENT OFFICE

M/CFO/CMP/DC
Office of Financial Management
1300 Pennsylvania Avenue, NW
RM. 7-07-122
Washington, DC 20523-7700

Send SF270 to: ET@USAID.GOV

SCHEDULE

A.1 PURPOSE OF AGREEMENT

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

A.2 PERIOD OF AGREEMENT

1. The effective date of this Agreement is 02-01-2006. The estimated completion date of this Agreement is 01-31-2007.

A.3 AMOUNT OF AWARD AND PAYMENT

1. USAID hereby obligates the amount of \$200,000.00 for purposes of this Agreement.

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

A.4 BUDGET

The following is the Agreement Budget, including local cost financing items, if authorized. Revisions to this budget shall be made in accordance with 22CFR226.

Category	Total
Direct Cost:	\$200,000
Indirect Cost:	
Total USAID's Share	<u>\$200,000</u>
Recipient's Share	<u>\$700,694</u>
Total Program Costs	\$900,694

A.5 REPORTING AND EVALUATION

In accordance with 22 CFR 226.52, the SF 269 and SF 272 will be required on a quarterly basis. The recipient shall submit these forms in the following manner:

a) The SF 272 and 272a (if necessary) must be submitted via electronic format to the U.S. Department of Health and Human Services (<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.

Thomas Carter
U.S. Agency for International Development
DCHA/ PVC, Rm. 7.06-070
1300 Pennsylvania Avenue, NW
Washington, DC 20523-7100
Phone: (202) 712-5226
E-mail: tcarter@usaid.gov

b) An original SF 269 or 269a (as appropriate) and two copies must be submitted to the Cognizant Technical Officer (CTO).

c) In accordance with 22 CFR 226.70-72, the original and two copies of all final financial reports shall be submitted to M/FM/CMP-LOC Unit. The electronic version of the final SF 272 or 272a shall be submitted to HHS in accordance with paragraph (1) above.

2. Program Reporting

(a) Quarterly Reports

The Recipient shall submit an original and two copies, as well as an Electronic version of a detailed quarterly program report (by the last day of the quarter) to the CTO at the address listed above.

(i) Narrative Report: The program report should briefly present the following information, in a format to be designated by the CTO:

Program Title

Section I - Summary of main activities and brief review of activities, results, challenges and modifications undertaken during the period and/or requested for the next quarterly period.
Section II - Detailed Implementation Plan (DIMP) Planning Matrix with updated information for indicators and performance targets, as well any narrative requests with justification for any changes to the DIMP for the next quarterly period.
Section III - Performance Monitoring Plan information (template to be provided).

Section IV - Progress against the PVC Results Framework (template to be provided)

Section V - State Department / USAID Performance Measures

Section VI - Financial Reporting and Tracking (comparison of actual versus planned expenditures for the quarter with explanations of significant differences, updated detailed line item budget with narrative explanation of any changes for the next annual period, PVC-ASHA match information, Pipeline Analysis and Burn Rate). For quarterly financial reporting, the detailed line item budget approved in the Detailed Implementation Plan shall be used.

Annexes: Any relevant additional information - should be brief.

This report will be submitted to USAID on a quarterly basis, by the last day of the quarter.

(ii) Institutional Performance Information (Attachment A1) will be presented on a semi-annual basis, as of June 30 and December 31 each year, or for another year-end date to be agreed upon with the CTO.

Recipient shall immediately notify the Agreement Officer of developments that have a significant impact on the award-supported activities. Notification shall also be given in the case of problems, delays, or adverse conditions which materially impair the ability to meet the objectives of the award. This notification shall include a statement of any action taken or contemplated, and any assistance needed to resolve the situation.

3. Final Report

The Recipient shall submit the original and one copy to the Cognizant Technical Officer, Mr. Thomas Carter, USAID DCHA/PVC, Room 7.06-70 RRB, 1300 Pennsylvania Avenue, NW, Washington, DC 20523 and one copy to (A) Via E-mail: docsubmit@dec.cdie.org; (B) Via US Postal Service: Development Experience Clearinghouse, 8403 Colesville Road, Suite 210, Silver Spring, MD 20910, USA; (C) Via Fax: (301)588-7787; or (D) Online: <http://www.dec.org/index.cfm?fuseaction=docSubmit.home>. The final report is due within 60 days after completion of the program.

The final performance report shall contain the following information:

Brief Narrative Report: The program report shall briefly present the information identified above, and an analysis of final results regarding level of performance for the key Program Indicators identified in the Program Description - Attachment B. The analysis shall include final summary of lessons learned

regarding the market development approach and specific program objectives. As part of this narrative, the recipient shall also provide recommendations on how to improve our understanding of effective NGO strengthening approaches in a conflict-affected context, particularly as relates to improving effectiveness of NGO partners' primary products and services. The report shall be to USAID no later than 45 days after the end of the agreement.

Recipient shall list each country included in the program and the total amount expended for each country under the award for the reporting period in the "Remarks" block on the "Financial Status Report" SF-269 or SF269A or on a separate sheet of paper with the "Request for Advance or Reimbursement" SF-270.

A.6 SUBSTANTIAL INVOLVEMENT

USAID's substantial involvement under this agreement shall be limited to approval of the following. The CTO has been delegated authority to provide the following approvals:

1. Approval of the Detailed Implementation Plan (DIMP) and detailed budget, submitted to USAID/DCHA/PVC within 90 days of the award's effective date and any subsequent revisions. PVC staff and other technical specialists will review the DIMP and meet with the PVO to discuss strengths and weaknesses, as necessary. The DIMP shall, at a minimum, be updated on an annual basis coinciding with submission of the annual report, and include an updated basic workplan and updated detailed line item budget.

2. Approval of key personal and any subsequent changes in the positions during the life of the agreement;

3. USAID involvement in monitoring progress toward the achievement of program objective during the Cooperative Agreement, includes written guidelines for contents of annual reports and final evaluations. Monitoring and evaluation may be conducted by the recipient in accordance with the monitoring and evaluation program described in the approved PMP. Periodically, the CTO may notify the recipient that the CTO intends to visit selected sites. Furthermore, the CTO will collaborate with the recipient to arrange an independent mid-term evaluation during the program. A final evaluation will be conducted upon completion of the agreement. The scope of work for these evaluations must be developed with the approval in writing by the CTO. Selection of the evaluation team will be a joint decision of USAID/DCHA/PVC and the recipient. The evaluator(s) will be an external consultant contracted by the recipient and approved the Project Officer. The CTO is to participate in the pre-evaluation team planning meeting and post evaluation debriefing;

4. Approval of subawards, including the main initial subawards under this agreement, as well as small subgrants to the program office, as required by the CTO.

5. Prior travel authorization, please refer to Standard Provision C.15.

A.7 KEY PERSONNEL

The following position and individuals have been designed as the key to the successful completion of the objectives of this award.

<u>Position</u>	<u>Name</u>
Keystone Program, Chief Executive	David Bonbright
Institute of Social & Ethical AccountAbility, Managing Director	Maria Sillanpaa

A.8 TITLE TO PROPERTY

Property Title will be vested with the Recipient.

A.9 AUTHORIZED GEOGRAPHIC CODE

The authorized geographic code for procurement of goods and services under this award is 941.

A.10 COST SHARING

The Recipient agrees to expend an amount not less than \$700,694.00 of the total activity costs.

A.11 EXECUTIVE ORDER ON TERRORISM FINANCING (FEB 2002)

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

A.12 USAID DISABILITY POLICY - ASSISTANCE (DECEMBER 2004)

"USAID Disability Policy - Assistance (December 2004)

- (a) The objectives of the USAID Disability Policy are (1) to enhance the attainment of United States foreign assistance program goals by promoting the participation and equalization of opportunities of individuals with disabilities in USAID policy, country and sector strategies, activity designs and

implementation; (2) to increase awareness of issues of people with disabilities both within USAID programs and in host countries; (3) to engage other U.S. government agencies, host country counterparts, governments, implementing organizations and other donors in fostering a climate of nondiscrimination against people with disabilities; and (4) to support international advocacy for people with disabilities. The full text of the policy paper can found at the following website:
<http://www.usaid.gov/about/disability/DISABPOL.FIN.HTML>.

- (b) USAID therefore requires that the recipient not discriminate against people with disabilities in the implementation of USAID funded programs and that it make every effort to comply with the objectives of the USAID Disability Policy in performing the program under this grant or cooperative agreement. To that end and to the extent it can accomplish this goal within scope of the program objectives, the recipient should demonstrate a comprehensive and consistent approach for including men, women and children with disabilities."

PROGRAM DESCRIPTION

Keystone is innovating accountability practices for the 21st century. It operates as a self-governing multi-constituency initiative currently hosted by AccountAbility, the pre-eminent international professional body supporting organizational accountability and sustainable performance. AccountAbility provides fiduciary oversight as well as supporting Keystone through its knowledge and networks on standards.

key•stone (kē'stōn)
n.
1. In architecture, the keystone is the stone that sustains an arch; it is indispensable, but its meaning and purpose derive from the other stones in the arch.
2. In biology, a keystone species

In September 2004, Keystone was launched with seed funding from Nelson Mandela Foundation, Shuttleworth Foundation, Omidyar Network and the Hewlett Foundation with a plan to pursue four closely interrelated lines of activity, initially for a two-year "demonstration" or "proof of concept" phase.

1. Together with local partners in South Africa and the Philippines and international partners with technical expertise in aspects of the Keystone model, to innovate performance-based models of accountability, learning and reporting.

Through cycles of organizational learning, Keystone offers simple, reliable and appropriate mechanisms that track and compare organizational performance. Resulting reporting models will be context-specific, encourage transparency and strengthen accountability through effective stakeholder engagement. Organizations using Keystone reporting will be effectively aligned to their missions and the needs and interests of those they seek to serve.

Keystone is currently working in **South Africa** together with grantees of the Nelson Mandela Foundation, the Shuttleworth Foundation's Giving Exchange, and a group of donors and NGOs working in the field of early childhood development under the aegis of Southern African Grantmakers' Association (SAGA); and in the **Philippines** with the Philippine Council for NGO Certification and its certified NGO members.

2. Engage, provoke and learn with social investors committed to improved accountability practices grounded in learning and performance-based reporting.

Keystone aims to enable a more efficient and effective way for donors and social investors to assess civil society organizational performance. It offers an Internet technology platform containing performance-based reporting to connect social investors and civil society organizations. Keystone is working closely with a small number of highly innovative social change marketplace pioneers to create new performance-based mechanisms for social investing, including the GlobalGiving (US), Global Exchange for Social Investment (UK/Germany), Give Foundation (India), Giving Exchange (formerly Innovation Bazaar) (South Africa), and GreaterGood South Africa.

3. Facilitate dialogue and learning on the principles and practices to guide civil society accountability.

Through research and dialogue, Keystone fosters common understandings of the principles that should guide civil society accountability. It builds with existing initiatives toward a consensus-based framework that can inform their different reporting models, explore cooperation and build learning networks on the topic. Operating under "open source" principles that result in "common property" products, the Keystone-sponsored learning network seeks to enable the widest possible participation.

Dialogue activities would also reflect the evolving complexities of thinking about civil society accountability, including its significance for different organizational types (service delivery / political advocacy), organizational capacity and resources, and the influence of different political contexts. It will consider regulatory issues as well as the needs of government as a major contractor for civil society organization services.

4. Explore innovative communication infrastructures that enable organizational and societal learning and generate and sustain social organization.

Keystone reporting will generate uniquely valuable data about social change. It does so while creating incentives for those engaged in social change to comment, assess and learn. For example, Keystone reports will include eBay-like rating opportunities for those affected by the organization. Such opportunities for people to *participate* - comment, engage, meet, discuss, mobilize - can and will be enabled through Keystone tools - both off- and on-line.

Goals and Objectives

Keystone believes that we will realize the ends of development only once we invest sufficiently in the means. Keystone, therefore, addresses the *means* of development. Its overall goal envisions a world in which the prevailing pattern of social organization is one in which local groups effectively serve evolving needs of expanding numbers of people. We envision a world in which accountable organizations from all three sectors learn effectively, and through transparency, drive societal learning. Keystone is concerned with the *ends* of development, but its method subordinates outcome measurement to a more powerful lever for change - mobilizing and sustaining the social energy that brings about development outcomes.

Keystone summarizes its overall outcomes as:

- A set of free-to-use organizational learning and reporting tools that will drive improved performance for economic and social outcomes by civil society organizations, social investment markets, public private partnerships, and governments.

- An enduring global learning network on civil society accountability that generates better accountability practices and performance-based reporting tools and contributes to the evolution of a generally accepted reporting standard.

Fit with USAID Strategic Objectives

As a cross-cutting method to strengthen the entire field of development practice, Keystone directly supports all of USAID's four overarching strategic objectives: 1) achieving peace and security; 2) advancing sustainable development and global interests; 3) promoting international understanding, and 4) strengthening diplomatic and program capabilities. Objective 2 highlights the importance of "economic development", noting, "In 2002, at the UN Conference on Financing for Development in Monterrey, the United States helped forge a new international consensus on development that ties increased assistance to performance and accountability. We will promote sound governance and market oriented economic growth that will enable other countries to become increasingly prosperous and interconnected with the United States..." (pages 21-22).

Keystone supports this policy in two ways. First, its method provides a sound informational basis upon which the performance and accountability criteria may be assessed. Secondly, it complements the external incentive for accountability and performance created by funding policy with the means for organizations to strengthen their values and skills in ways that result in improved accountability practices and enhanced performance.

USAID strategy notes, on page 21, "As we apply financial, technological, and human resources to achieve our goals, we must ensure that those resources are used wisely and effectively, and that they produce measurable outcomes. We will work to ensure that our efforts effectively target women, the majority of the world's poor." Again, Keystone focuses on developing internal capacity to set outcomes and build the internal organizational systems and skills to achieve these outcomes, doing so in a way that has the potential to reach rapidly increasing numbers of people through growing numbers of participating organizations.

USAID strategy seeks to harness private flows. "Recognizing that the value of private sector grants, remittances, assistance, and investments far exceed publicly funded Official Development Assistance, we will develop new business models to ally public resources with private sector flows. We will generate public private partnerships to mobilize nonofficial resources and know-how." By building confidence and trust in the non-official sector, Keystone will contribute to accelerating both the volume of private resource flows, and the effectiveness of their use. Keystone is in fact a business model that allies public resources with private sector flows and with the social energy of the non-governmental (and cooperative) sectors.

Similarly, environmental objectives highlight the USAID objective to "help developing countries build accountable and transparent domestic institutions that will promote sound resource management and protect the environment by creating and safeguarding protected areas and combating illegal activities including illegal logging, trade in endangered species, and illegal fishing." USAID does this, in part, by developing and expanding "partnerships with other governments, civil society, and the private sector to promote sound resource management focusing especially on potable water, energy, climate change, forests, and ecosystems, including oceans." The Keystone model provides the means for transparency, accountability and effective partnership.

The USAID missions in two countries where Keystone is designing and building its model with local civil society organizations, the Philippines and South Africa, have made significant historical investments in effective and accountable civil society organizations. They both implement in coordination with and through the local NGOs. They both call for support "the cross-cutting theme" for "improved governance, at both the national and local level". Keystone meets a necessary need to underwrite those investments.

The Philippines mission made an important early investment in the development of the main Keystone partner there, the Philippine Council for NGO Certification, which is the leading independent management quality certification programme for NGOs in the developing world. The Keystone-PCNC partnership is a vital "next step" for PCNC, which now wishes to add a reporting dimension to its management standard.

The South Africa mission has focused strategically on local NGOs since the mid-1980s, when investments in the NGO sector were important in supporting the peaceful transition to democracy in the early 1990s. Continued investments in South Africa NGOs since the first democratic elections in 1994 have helped to create an enabling environment for civil society in a newly democratic country through legal regulatory and fiscal reform. That agenda remains unfinished and Keystone is well positioned to contribute to another strategic push on this important structural need.

The voluntary contributions of ordinary South Africans to sustainable development represent a core strength of South Africa's young democracy. Continued USAID investments in strengthening the organizational capacity of civil society help enable citizens to complement public programmes and mobilize citizen participation for sustainable development. The Keystone accountability model provides the means for transparency, effective partnership and improved performance of civil society organizations in South Africa.

Through its partnership with GIVE Foundation, Keystone is also "on the ground" in an important way in India. A key crosscutting theme in the USAID India strategy is partnerships. The Keystone - GIVE Foundation partnership fits directly into the USAID's plans regarding the Partnership Fund and Legacy Foundation. One hypothesis is that the

Keystone, GIVE Foundation and GlobalGiving partnership creates an exciting way for American citizens, corporations, and residents (notably Indians living and working in the US) to support effective Indian development organizations, and therefore may be factored into the Legacy Foundation design process.

Background & Problem Statement: The Accountability Challenge

Humankind has the know-how and productive potential to meet and exceed the Millennium Development Goals. Our civil, economic and political institutions, however, are not currently accountable for these desired development outcomes - not really. Many people conceive of accountability as complying with the reporting and performance requirements of those with the power to demand it, namely governments and donors. Some civil society organizations assert that they are accountable to those they seek to help, but without any credible way of demonstrating this.

What is clear is that if civil society organizations are to fulfil their potential as a force for good in the world, they must develop much more open and effective mechanisms to generate trust, legitimacy and support. Civil society organizations must lead to something beyond the *status quo ante* of oft-conflicting calls of diverse stakeholders to "be accountable to me!"

The problem, however, goes even deeper than the fragility of current accountability practices. The coming decades herald massive and often traumatic changes driven by demographics, environmental degradation, and patterns of deep economic inequality. Today's institutions - in all three sectors - are simply no where close to being up to the challenges represented by coming traumatic changes. The future of open societies - the future of human security - will turn importantly on the extent to which the voices of the poor and disenfranchised are channelled productively into democratic political and social action. Where are the innovations in governance and accountability - within and across organizations and within and across different sectors of society - that will transform today's fragile institutions into adaptive learners capable of generating and sustaining solutions? How can we re-gear accountability systems to align around the voices of those most affected by our gravest human problems?

Keystone is one small part of a response to this understanding of the human predicament. It offers a promising new methodology for measuring and communicating social change by civil society organizations that grounds "metrics" in stakeholder dialogue, and particularly those stakeholders most affected by the organizations social change work. It promotes a transformation of accountability from externally- to internally-directed, and therefore both a source of, and a catalyst for learning. It creates robust, open societal learning tools and systems. It is a key missing building block for the kind of institutions required to meet the challenges ahead.

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

C.1 ALLOWABLE COSTS (OCTOBER 1998)

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

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

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

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

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

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

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

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

(a) The recipient shall maintain financial records, supporting documents, statistical records and all other records pertinent to the award in accordance with generally accepted accounting principles formally prescribed by the U.S., the cooperating country, or the International Accounting Standards Committee (an affiliate of the International Federation of Accountants) to sufficiently substantiate charges to this award. Accounting records that are supported by documentation will as a minimum be adequate to show all costs incurred under the award, receipt, and use of goods and services acquired under the award, the costs of the program supplied from other sources, and

the overall progress of the program. Unless otherwise notified, the recipient records and subrecipient records which pertain to this award shall be retained for a period of three years from the date of submission of the final expenditure report and may be audited by USAID and/or its representatives.

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

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

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

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

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

(g) This provision in its entirety shall be incorporated into all subawards with non-U.S. organizations which meet the \$300,000 threshold as described at paragraph (b) of this Provision. Subawards

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

C.3 PAYMENT ADVANCES AND REFUNDS (OCTOBER 1998)

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

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

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

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

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

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

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

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

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

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

C.4 REVISION OF AWARD BUDGET (OCTOBER 1998)

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

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

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

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

(3) Additional funding is needed.

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

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

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

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

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

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

C.5 TERMINATION AND SUSPENSION (OCTOBER 1998)

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

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

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

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

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

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

C.6 DISPUTES (OCTOBER 1998)

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

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

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

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

C.7 INELIGIBLE COUNTRIES (MAY 1986)

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

C.8 DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS (MARCH 1989)

(1) The recipient certifies to the best of its knowledge and belief, that it and its principals:

(a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;

(b) Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and

(d) Have not within a three-year period preceding this application/ proposal had one or more public transactions (Federal, State, or local) terminated for cause or default.

(2) The recipient agrees that, unless authorized by the Agreement Officer, it will not knowingly enter into any subagreements or contracts under this grant with a person or entity that is included on the "Lists of Parties Excluded from Federal Procurement or Nonprocurement Programs". The recipient further agrees to include the following provision in any subagreements or contracts entered into under this award:

DEBARMENT, SUSPENSION, INELIGIBILITY, AND VOLUNTARY EXCLUSION (MARCH 1989) The recipient/contractor certifies that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

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

C.9 INVESTMENT PROMOTION (JANUARY 1994)

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

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

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

C.10 NONLIABILITY (NOVEMBER 1985)

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

C.11 AMENDMENT (OCTOBER 1998)

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

C.12 NOTICES (OCTOBER 1998)

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

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

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

C.13 METRIC SYSTEM OF MEASUREMENT (AUGUST 1992)

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

C.14 PAYMENT - ADVANCE (OCTOBER 1998)

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

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

Procedures

(c) After receipt of the initial advance, the recipient shall submit a Standard Form 270 for each upcoming month (30 day period), with the statement "Request for Advance" printed at the top of the

form. The recipient may submit a set of these forms on a quarterly basis (i.e. submission of three SF 270s one for each month in the upcoming quarter). At the end of each quarter the recipient shall submit a SF 270 (marked "Liquidation of Advances") to liquidate the advances of the previous quarter. The recipient may submit a new set of SF 270s ("Request for Advance") once the "Liquidation of Advances" has been submitted. Each SF 270 shall be identified by the appropriate award number.

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

(a) PRIOR BUDGET APPROVAL

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

(1) the trip is identified. Identification is accomplished by providing the following information: the number of trips, the number of individuals per trip, and the destination country(s).

(2) the information noted at (a) (1) above is incorporated in: the proposal, the program description or schedule of the award, the annual implementation plan (initial or revisions), or amendments to the award; and

(3) the costs related to the travel are incorporated in the approved budget of the award.

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

(b) NOTIFICATION

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

(i) the primary purpose of the trip is to work with USAID Mission personnel, or

(ii) the recipient expects significant administrative or substantive programmatic support from the Mission.

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

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

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

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

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

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

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

(c) SECURITY ISSUES

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

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

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

Travel to certain countries shall, at USAID's option, be funded from U.S.-owned local currency. When USAID intends to exercise this option, USAID will either issue a U.S. Government S.F. 1169, Transportation Request (GTR) which the grantee may exchange for

tickets, or issue the tickets directly. Use of such U.S.-owned currencies will constitute a dollar charge to this grant.

(e) THE FLY AMERICA ACT

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

(f) COST PRINCIPLES

The recipient will be reimbursed for travel and the reasonable cost of subsistence, post differentials, and other allowances paid to employees in international travel status in accordance with the recipient's applicable cost principles and established policies and practices which are uniformly applied to federally financed and other activities of the recipient.

If the recipient does not have written established policies regarding travel costs, the standard for determining the reasonableness of reimbursement for overseas allowance will be the Standardized Regulations (Government Civilians, Foreign Areas), published by the U.S. Department of State, as from time to time amended. The most current subsistence, post differentials, and other allowances may be obtained from the Agreement Officer.

(g) SUBAWARDS

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

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

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

(a) General Requirements:

(1) The recipient shall maintain a written code or standards of conduct that shall govern the performance of its employees engaged in the awarding and administration of contracts. No employee, officer, or agent shall participate in the selection, award, or administration of a contract supported by Federal funds if a real or apparent

conflict of interest would be involved. Such conflict would arise when the employee, officer or agent, or any member of the employee's immediate family, the employee's partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. The officers, employees, and agents of the recipient shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subagreements. However, recipients may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the recipient.

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

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

(i) Recipients avoid purchasing unnecessary items,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(A) Basis for contractor selection;

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

(C) Basis for award cost or price.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Prior approval will be deemed to have been met when:

- (i) The item is of U.S. source/origin;

(ii) The item has been identified and incorporated in the program description or schedule of the award (initial or revisions), or amendments to the award; and

(iii) The costs related to the item are incorporated in the approved budget of the award. Where the item has not been incorporated into the award as described above, a separate written authorization from the Agreement Officer must be provided before the item is procured.

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

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

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

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

(ii) Application of Order of Preference: When the recipient procures goods and services from other than U.S. sources, under the order of preference in paragraph (b) (1) (i) above, the recipient shall document its files to justify each such instance. The documentation shall set forth the circumstances surrounding the procurement and shall be based on one or more of the following reasons, which will be set forth in the recipient's documentation:

(A) The procurement was of an emergency nature, which would not allow for the delay attendant to soliciting U.S. sources,

(B) The price differential for procurement from U.S. sources exceeded by 50% or more the delivered price from the non-U.S. source,

(C) Compelling local political considerations precluded consideration of U.S. sources,

(D) The goods or services were not available from U.S. sources, or

(E) Procurement of locally available goods and services, as opposed to procurement of U.S. goods and services, would best promote the objectives of the Foreign Assistance program under the award.

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

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

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

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

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

C.18 LOCAL PROCUREMENT (OCTOBER 1998)

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

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

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

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

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

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

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

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

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

(iii) Rental costs for housing and office space;

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

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

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

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

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

C.19 PUBLICATIONS AND MEDIA RELEASES (JUNE 1999)

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

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

(b) Unless the recipient is instructed otherwise by the Cognizant Technical Office, publications, videos, or other information/media products funded under this award and intended for general readership or other general use will be marked with the USAID logo and/or U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT appearing either at the top or at the bottom of the front cover or, if more suitable, on the first inside title page for printed products, and in equivalent appropriate location in videos or other information/media products. Logos and markings of co-sponsors or authorizing institutions should be similarly located and of similar size and appearance.

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

USAID Development Experience Clearinghouse (DEC)
ATTN: Document Acquisitions
1611 Kent Street, Suite 200

Arlington, VA 22209-2111
Internet e-mail address: docsubmit@dec.cdie.org
Homepage: hftp://www.dec.org

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

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

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

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

C.20 PARTICIPANT TRAINING (OCTOBER 1998)

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

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

(c) Orientation: In addition to the mandatory requirements in ADS 253, recipients are strongly encouraged to provide, in collaboration with the Mission training officer, predeparture orientation and orientation in Washington at the Washington International Center. The latter orientation program also provides the opportunity to arrange for home hospitality in Washington and elsewhere in the U.S. through liaison with the National Council for International Visitors (NCIV). If the Washington orientation is determined not to be feasible, home

hospitality can be arranged in most U.S. cities if a request for such is directed to the Agreement Officer, who will transmit the request to NCIV through R&O/IT.

C.21 TITLE TO AND USE OF PROPERTY (RECIPIENT TITLE; OVER \$50,000) (OCTOBER 1998)

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

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

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

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

(i) Activities sponsored by USAID; then

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

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

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

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

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

(A) A description of the equipment,

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

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

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

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

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

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

(H) Unit acquisition cost;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

C.22 COST SHARING (MATCHING) (JAN 2002)

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

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

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

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

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

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

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

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

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

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

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

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

(7) Conform to other provisions of this paragraph.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(k) Notwithstanding paragraph (b) of the standard provision of this award entitled "Refunds", the parties agree that in the event of any disallowance of expenditures from USAID award funds provided hereunder, the recipient may substitute expenditures made with funds provided from non-Federal sources provided they are otherwise eligible in accordance with paragraph (b) of this provision.

C.23 PUBLIC NOTICES (JUNE 1993)

It is USAID's policy to inform the public as fully as possible of its programs and activities. The recipient is encouraged to give public notice of the receipt of this award and, from time to time, to announce progress and accomplishments. Press releases or other public notices should include a statement substantially as follows:

"The U.S. Agency for International Development administers the U.S. foreign assistance program providing economic and humanitarian assistance in more than 80 countries worldwide."

The recipient may call on USAID's Office of External Affairs for advice regarding public notices. The recipient is requested to provide copies of notices or announcements to the cognizant technical

officer and to USAID's Office of Legislative and Public Affairs as far in advance of release as possible.

C.24 COMMUNICATIONS PRODUCTS (OCTOBER 1994)

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

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

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

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

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

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

C.25 REPORTING OF FOREIGN TAXES

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

(b) Contents of Report. The reports must contain: (i) Recipient name. (ii) Contact name with phone, fax and email. (iii) Agreement number(s). (iv) Amount of foreign taxes assessed by a foreign government [each foreign government must be listed separately] on commodity purchase transactions valued at \$500 or more financed with U.S. foreign assistance funds under this agreement during the prior U.S. fiscal year. NOTE: For fiscal year 2003 only, the reporting period is February 20, 2003 through September 30, 2003. (v) Only foreign taxes assessed by the foreign government in the country receiving U.S. assistance is to be reported. Foreign taxes by a third party foreign government are not to be reported. For example, if an

assistance program for Lesotho involves the purchase of commodities in South Africa using foreign assistance funds, any taxes imposed by South Africa would not be reported in the report for Lesotho (or South Africa). (vi) Any reimbursements received by the Recipient during the period in (iv) regardless of when the foreign tax was assessed plus, for the interim report, any reimbursements on the taxes reported in (iv) received by the recipient through October 31 and for the final report, any reimbursements on the taxes reported in (iv) received through March 31. (vii) The final report is an updated cumulative report of the interim report. (viii) Reports are required even if the contractor/recipient did not pay any taxes during the report period. (ix) Cumulative reports may be provided if the contractor/recipient is implementing more than one program in a foreign country.

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

(d) Where. Submit the reports to:

Thomas Carter
U.S. Agency for International Development
DCHA/ PVC, Rm. 7.06-070
1300 Pennsylvania Avenue, NW
Washington, DC 20523-7100
Phone: (202) 712-5226
E-mail: tcarter@usaid.gov

(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>.

C.26

